

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Summary of Results

Year Ended June 30, 2021

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and *TransNet* Extension Activities

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Background

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

Scope of the Engagement

This engagement was to apply agreed-upon procedures in order to assist the Independent Taxpayer Oversight Committee (ITOC) and SANDAG in determining whether the recipients of *TransNet* funds were in compliance with the *TransNet* Ordinance and the *TransNet* Extension Ordinance for the year ended June 30, 2021. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

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

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

The procedures performed were approved by the ITOC prior to commencing fieldwork. The 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

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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 October 2021 through December 2021.

Results of Procedures

TransNet and TransNet Extension Expenditures

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

During our fieldwork, we obtained the following items:

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

The objectives of the procedures were to ensure the following:

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

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

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Maintenance of Effort (MOE)

In accordance with Section 8 of the *TransNet* Extension Ordinance, each recipient agency receiving revenues pursuant to Section 4(D) shall annually maintain, at a minimum, the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years (FY) completed prior to the operative date of the *TransNet* Extension Ordinance (FY 2001 through FY 2003), as was reported in the State Controller's Annual Report of Financial Transactions for Street and Roads, and as re-indexed in FY 2018.

During our fieldwork, we obtained the following items:

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

Based upon the results of the procedures performed, all recipient agencies were in compliance with the MOE requirements for the year ended June 30, 2021 with the exception of City of Del Mar and City of San Marcos. See Attachment A 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, 2021 to use for fiscal year 2024, 2025 and 2026 audits.

- Calculated the growth rate in the construction price index from June 30, 2018 to June 30, 2021.
- Calculated the growth rate in the general fund revenues from June 30, 2018 to June 30, 2021.
- Selected the lowest growth rate and applied to the previously calculated MOE base year amount.

Also, see Attachment B for re-indexing of the MOE base year as of June 30, 2021.

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

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

The objectives of the procedures were to ensure that the recipient agency's *TransNet* balance for those programs that receive funding from the annual apportionment (Local Streets and Roads, Local

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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, with the exception of the City of Lemon Grove and City of National City, were in compliance with the 30% Rule. These instance of non-compliance were reported for informational purposes only and not as a finding. However, SANDAG will defer payments to this agency until they are in compliance with the 30% Rule. See Attachment C for a summary of compliance with the 30% Rule.

Local Street Improvements – Congestion Relief vs. Maintenance

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

- Inquired and obtained source data used to calculate the Local Street Improvements Allocation Schedule in SANDAG's TTrak program (SANDAG's *TransNet* tracking program) and recalculated the total fund distribution per jurisdiction; and
- Reviewed the FY 2021 *TransNet* Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

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

Local Street Improvements: Maintenance Monitoring

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

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Indirect Costs Allocated to Projects in RTIP

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

Regional Transportation Congestion Improvement Program (RTCIP)

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

The objectives of the procedures were to ensure the following:

- Each recipient agency collected at least the minimum exaction fee of \$2,584 from each newly constructed residential housing unit;
- Documentation was submitted to the ITOC on a timely basis and proper approval was obtained for the exaction fee; and
- Expenditures were allowable in accordance with the *TransNet* Extension Ordinance and Expenditure Plan.

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

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

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- Verified that expenditures, if any, complied with the *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Based upon the results of the procedures performed, all recipient agencies, with the exception of the Cities of El Cajon, Escondido, Lemon Grove, and Oceanside 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, 2020 and June 30, 2021;
- Calculated the increase in the CPI for San Diego County between June 30, 2020 and June 30, 2021; and
- Compared the increase in total operating cost per revenue vehicle hour for bus services, and revenue vehicle mile for rail services, to the increase in the CPI.

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

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Summary of Findings by Recipient Agency

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

<u>Recipient Agency</u>	<u>Finding</u>	<u>Management Response</u>
City of Coronado	Need to improve project timesheet tracking procedure	In process of implementing a new enterprise resource platform (ERP)
City of El Cajon	Need to use approved exaction fee	In process of collecting
City of Escondido	Need to use approved exaction fee	In process of collecting
City of Lemon Grove	Need to use approved exaction fee	In process of collecting
City of Oceanside	Need to use approved exaction fee	In process of collecting
City of Del Mar	Need to be in compliance with the MOE requirement	Will make up shortfall next year
City of San Marcos	Need to be in compliance with the MOE requirement	Will make up shortfall next year

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

Compliance With Maintenance of Effort Requirement

Recipient Agency	Fiscal Year 2021				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$6,746,377	–	–	–
Chula Vista	Yes	4,387,018	–	–	–
Coronado	Yes	984,388	–	–	–
Del Mar	No	602,608	27,766	–	257,096
El Cajon	Yes	1,849,773	–	–	–
Encinitas	Yes	2,279,925	63	–	–
Escondido	Yes	3,352,190	–	–	–
Imperial Beach	Yes	233,219	–	–	–
La Mesa	Yes	2,023,372	–	–	–
Lemon Grove	Yes	203,027	–	–	–
National City	Yes	2,029,966	–	–	–
Oceanside	Yes	3,120,588	–	–	–
Poway	Yes	1,327,553	–	–	–
San Diego	Yes	25,854,722	191,311	1,029,903	–
San Marcos	No	4,893,432	–	–	589,197
Santee	Yes	658,301	–	–	–
Solana Beach	Yes	535,585	–	–	–
Vista	Yes	2,703,364	–	–	–
County of San Diego (1)	–	–	–	–	–

Yes = In Compliance

No = Not in compliance

– = Not applicable

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

Maintenance of Effort Re-Indexing

	Previous approved MOE Base			Growth Rate		Adjusted MOE as of June 30, 2021		
	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Jurisdiction Growth Rate	Caltrans Cost Index Growth rate	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies
Carlsbad	\$6,746,377	0	0	1.14	0.63	\$4,250,218	0	0
Chula Vista	4,387,018	0	0	1.33	0.63	2,763,821	0	0
Coronado	984,388	0	0	0.98	0.63	620,164	0	0
Del Mar	602,608	27,766	0	1.03	0.63	379,643	17,493	0
El Cajon	1,849,773	0	0	1.12	0.63	1,165,357	0	0
Encinitas	2,279,925	63	0	1.13	0.63	1,436,353	40	0
Escondido	3,352,190	0	0	1.24	0.63	2,111,880	0	0
Imperial Beach	233,219	0	0	1.23	0.63	146,928	0	0
La Mesa	2,023,372	0	0	1.19	0.63	1,274,724	0	0
Lemon Grove	203,027	0	0	1.39	0.63	127,907	0	0
National City	2,029,966	0	0	1.19	0.63	1,278,879	0	0
Oceanside	3,120,588	0	0	1.27	0.63	1,965,970	0	0
Poway	1,327,553	0	0	0.99	0.63	836,358	0	0
San Diego, City	25,854,722	191,311	1,029,903	1.18	0.63	16,288,475	120,526	648,839
San Marcos	4,893,432	0	0	1.23	0.63	3,082,862	0	0
Santee	658,301	0	0	1.27	0.63	414,730	0	0
Solana Beach	535,585	0	0	1.25	0.63	337,419	0	0
Vista	2,703,364	0	0	1.23	0.63	1,703,119	0	0
San Diego, County(1)	0	0	0	n/a	n/a	0	0	0

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

Compliance With 30 Percent Fund Balance Limitation FY 2019 – FY 2021

Recipient Agency	Fiscal Year 2021				Fiscal Year 2020				Fiscal Year 2019			
	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	1,050,395	988,467	–	Yes	973,589	206,020	–	Yes	\$929,023	\$421,824	–
Chula Vista	Yes	2,088,184	(1,458,118)	–	Yes	1,918,568	824,267	–	Yes	1,822,896	(1,920,175)	–
Coronado	Yes	210,209	6,844	–	Yes	183,503	28,443	–	Yes	189,695	176,288	–
Del Mar	Yes	50,095	3,090	–	No	5,675	19,864	14,189	Yes	2,845	(1,460)	–
El Cajon	Yes	828,745	13,665	–	Yes	766,120	247,927	–	Yes	721,601	(1,701,579)	–
Encinitas	Yes	561,554	(362,369)	–	Yes	521,630	(997,941)	–	Yes	511,028	(901,077)	–
Escondido	Yes	1,251,187	800,965	–	Yes	1,157,749	(2,303,687)	–	Yes	1,113,951	218,528	–
Imperial Beach	Yes	151,770	(223,434)	–	Yes	200,610	(305,978)	–	No	209,863	268,974	59,211
La Mesa	Yes	373,337	(673,595)	–	Yes	334,733	(201,623)	–	Yes	464,269	(685,610)	–
Lemon Grove	No	239,316	412,100	172,784	Yes	221,852	54,508	–	Yes	213,858	(486,895)	–
National City	No	482,679	772,606	289,927	Yes	364,376	135,199	–	Yes	321,206	304,103	–
Oceanside	Yes	1,065,681	(1,902,567)	–	Yes	1,028,052	(2,653,098)	–	Yes	1,176,747	(4,279,916)	–
Poway	Yes	492,613	303,658	–	Yes	457,992	291,809	–	No	444,262	769,382	325,120
San Diego, City	Yes	11,337,079	9,192,856	–	Yes	10,579,579	6,485,121	–	Yes	10,016,371	641,244	–
San Marcos	Yes	577,713	(213,880)	–	Yes	506,094	(1,052,975)	–	Yes	478,969	(478,192)	–
Santee	Yes	280,125	(14,233)	–	Yes	178,621	(3,635)	–	Yes	146,856	(850)	–
Solana Beach	Yes	76,283	(85,154)	–	Yes	67,681	(34,431)	–	Yes	63,137	(88,258)	–
Vista	Yes	779,208	(175,525)	–	Yes	734,225	343,646	–	Yes	720,276	(114,016)	–
County of San Diego	Yes	4,749,403	3,260,471	–	Yes	4,441,940	3,223,622	–	Yes	4,729,350	1,694,096	–
Transit												
Metropolitan Transit System (MTS)	Yes	10,729,134	–	–	Yes	10,219,817	–	–	Yes	9,669,606	–	–
North County Transit District (NCTD)	Yes	3,948,871	(2,127,862)	–	Yes	3,650,375	–	–	Yes	3,886,042	270,813	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2021		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$3,501,316	\$2,450,921	\$1,050,395
Chula Vista	6,960,613	4,872,429	2,088,184
Coronado	700,698	490,489	210,209
Del Mar	226,858	158,800	68,058
El Cajon	2,762,482	1,933,737	828,745
Encinitas	1,871,847	1,310,293	561,554
Escondido	4,170,625	2,919,437	1,251,188
Imperial Beach	792,505	554,754	237,751
La Mesa	1,752,083	1,226,458	525,625
Lemon Grove	797,719	558,403	239,316
National City	1,608,929	1,126,250	482,679
Oceanside	5,068,820	3,548,174	1,520,646
Poway	1,642,043	1,149,430	492,613
San Diego, City	37,929,925	26,550,947	11,378,978
San Marcos	2,554,252	1,787,977	766,275
Santee	1,587,321	1,111,125	476,196
Solana Beach	472,744	330,921	141,823
Vista	2,597,358	1,818,151	779,207
County of San Diego	17,153,635	12,007,544	5,146,091

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	\$45,907,297	\$13,772,189	\$ (1,274,895)	\$12,497,294	2.78%	Yes
Chula Vista	77,630,844	23,289,253	(17,963,934)	5,325,319	23.14%	Yes
Coronado	8,184,124	2,455,237	(283,272)	2,171,965	3.46%	Yes
Del Mar	6,918,951	2,075,685	(403,270)	1,672,415	5.83%	Yes
El Cajon	31,477,500	9,443,250	(6,230,582)	3,212,668	19.79%	Yes
Encinitas	24,162,795	7,228,839	(1,117,046)	6,131,793	4.62%	Yes
Escondido	52,442,567	15,732,770	(13,683,101)	2,049,669	26.09%	Yes
Imperial Beach	11,130,069	3,339,021	(2,607,004)	732,017	23.42%	Yes
La Mesa	26,792,123	8,037,637	(4,655,615)	3,382,022	17.38%	Yes
Lemon Grove	9,199,612	2,759,884	(2,498,983)	260,901	27.16%	Yes
National City	21,871,945	6,561,584	(0)	6,561,584	0.00%	Yes
Oceanside	70,144,370	21,043,311	(14,852,077)	6,191,234	21.17%	Yes
Poway	19,383,654	5,815,096	(5,600,452)	214,644	28.89%	Yes
San Diego, City	443,251,933	132,975,580	(120,568,801)	12,406,779	27.20%	Yes
San Marcos	43,637,105	13,091,132	(3,723,704)	9,367,428	8.53%	Yes
Santee	32,545,520	9,763,656	(3,249,532)	6,514,124	9.98%	Yes
Solana Beach	11,398,033	3,419,410	(289,587)	3,129,823	2.54%	Yes
Vista	31,870,968	9,561,290	(7,081,342)	2,479,948	22.22%	Yes
San Diego, County	205,917,778	61,775,333	(10,584,476)	51,190,857	5.14%	Yes

Indirect Costs Allocated to RTIP

Recipient Agency	2021 Total <i>TransNet</i> Expenditures	2021 Indirect Costs Charged to <i>TransNet</i>	2021 Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval	2020 Indirect Costs as a % of Total <i>TransNet</i> Expenditures
Carlsbad	\$1,784,822	\$72,700	4.07%	n/a	4.77%
Chula Vista	9,930,629	1,956,496	19.70%	n/a	29.87%
Coronado	101,876	0	0.00%	n/a	0.00%
Del Mar	91,840	0	0.00%	n/a	0.00%
El Cajon	2,330,702	57,090	2.45%	n/a	1.65%
Encinitas	3,514,105	0	0.00%	n/a	0.00%
Escondido	2,347,417	126,679	5.40%	2020 ¹	2.48%
Imperial Beach	1,217,109	0	0.00%	n/a	0.00%
La Mesa	1,310,388	0	0.00%	n/a	0.00%
Lemon Grove	483,408	99,611	20.6%	2019 ¹	11.50%
National City	1,913,477	0	0.00%	n/a	0.00%
Oceanside	3,027,043	255,068	8.43%	n/a	13.15%
Poway	1,396,982	0	0.00%	n/a	0.00%
San Diego, City	34,886,830	5,071,984	14.54%	n/a	14.10%
San Marcos	4,581,720	0	0.00%	n/a	0.00%
Santee	369,035	15,008	4.07%	n/a	0.70%
Solana Beach	120,723	0	0.00%	n/a	0.00%
Vista	4,065,446	0	0.00%	n/a	0.00%
Caltrans	18,706,325	1,470,111	7.86%	2020 ²	10.32%
San Diego, County	10,765,053	1,072,945	9.97%	n/a	14.52%
SANDAG	151,743,417	4,699,673	3.10%	2020 ²	2.03%

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

¹ – approved by City Council

² – approved by federal cognizant agency

CALTRANS

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the State of California Department of Transportation's (Caltrans') compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. Caltrans' 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 Caltrans with respect to the *TransNet* Program Schedules A, B, and C for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

2. We obtained from SANDAG the applicable approved RTIP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<i>TransNet</i> payments made by SANDAG	\$ 16,097,044
<i>TransNet</i> revenue recorded by Caltrans	<u>19,703,478</u>
Variance	<u>\$(3,606,434)</u>

The variance was a result of the following:

Paid by SANDAG in 2020 but received by Caltrans in 2021	\$ (3,588,478)
Correction to paid by SANDAG in 2020 but received by Caltrans in 2021	20,000
Paid by SANDAG in 2021 but received by Caltrans in 2022	1,204,000
MPO 1200100 Program Office paid by SANDAG but not included in SANDAG total	49,044
Sale of excess land by Caltrans and paid to SANDAG	<u>(1,291,000)</u>
Variance	<u>\$(3,606,434)</u>

- e. We identified the interest income reported for the fiscal year.
- i. We reviewed the interest income reported on Schedule A and agreed it to the *TransNet* general ledger.

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

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

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

Results: Caltrans recorded total *TransNet* expenditures in the amount of \$18,706,325. We selected \$9,107,496 (48.69%) for testing. No exceptions were noted as a result of our procedures.
 - iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are

an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

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

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

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

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

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

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

Results: Indirect costs are allocated to RTIP projects at a rate of 44.86% of direct labor costs associated with each project with SANDAG being considered a self-help county. The indirect cost rate plan is reviewed and updated by Caltrans on an annual basis. Caltrans' indirect cost rate plan has been reviewed by the State of California Department of Finance and the Federal Highway Administration. Caltrans allocated a total of \$1,470,111 of indirect costs in the RTIP, resulting in 7.86% of indirect costs compared to total *TransNet* expenditures. Caltrans' methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

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

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

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

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

Results: This procedure is not applicable as there 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 reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

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

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

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2020 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

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

Results: This procedure is not applicable as there were no commercial paper or bonds outstanding as of June 30, 2021.

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

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

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

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the fiscal year ended June 30, 2021.

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, 2021. 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.

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

Irvine, California
May 26, 2022

GLOSSARY OF TERMS

“Current Fiscal Year” means the fiscal period of July 1, 2020, through June 30, 2021.

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

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

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

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

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

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

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

“TransNet Extension Ordinance” means the 2004 Proposition A.

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

SCHEDULE A

CALTRANS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID/ Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2021	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
	Total Highways	<u>13,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,864</u>	
	Total <i>TransNet</i>	<u>\$ 13,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,864</u>	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ 1,327,119	\$ 1,070,747	\$ -	\$ (1,697,888)	\$ (1)	\$ 699,977	(b)
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,740	32,000	-	(89,555)	(1)	(29,816)	(b)(c)
CAL29	SR 76 Middle	2,747	(18,634)	-	15,887	-	-	
CAL29 B	SR 76 East	194,811	100,000	-	(456,222)	-	(161,411)	(c)
CAL38	SR-905 New Freeway	(36,320)	41,000	-	(3,053)	1	1,628	(b)
CAL68	94/125 S to E Connector	-	-	-	(7,071)	-	(7,071)	(c)(d)
CAL75	I-5 Genesee	1,394,351	(1,218,000)	-	2,493,152	-	2,669,503	
CAL78 B	I-805 North	(3,472)	75,000	-	(64,146)	-	7,382	
CAL78 C	I-805 South	(146,821)	7,768,000	-	(7,662,890)	-	(41,711)	(c)
CAL78 D	I-805 South Soundwalls	59,413	203,374	-	(312,685)	-	(49,898)	(c)
CAL114	I-5/56 Interchange	2,140	230,000	-	(205,167)	-	26,973	
CAL277A	SR78/I-5 Express Lanes	(2,627,478)	2,658,478	-	(39,249)	1	(8,248)	(b)(c)
CAL278	SR-78 HOV / Managed Lanes	633	(633)	-	-	-	-	
SAN23	Mid-Coast LRT	64,056	(41,000)	-	(28,388)	1	(5,331)	(b)(c)
SAN26 C	I-15 BRT Stations - South	8,765	(8,000)	-	(435)	(1)	329	(b)
SAN47	I-805 BRT	(7,655)	33,000	-	(16,089)	-	9,256	
SAN73	San Elijo Lagoon Double Track	731,293	(826,312)	-	95,019	-	-	
SAN73A	Chesterfield Dr Crossing	-	-	-	-	-	-	
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	(23,585)	26,000	-	(24,074)	-	(21,659)	(c)
V-11	SR-11	(1,356,550)	1,356,550	-	-	-	-	
V-15	I-5 Gilman Dr Bridge	4,499	2,000	-	(8,026)	-	(1,527)	(c)
V-18	I-5 Voigt	3,048	(3,048)	-	-	-	-	
V-20	CMCP	-	-	-	(827,343)	-	(827,343)	(c)(e)
1200100	Program Office	49,044	(49,044)	-	-	-	-	
	Total Major Corridor	<u>\$ (332,222)</u>	<u>\$ 11,431,478</u>	<u>\$ -</u>	<u>\$ (8,838,223)</u>	<u>\$ -</u>	<u>\$ 2,261,033</u>	

(Continued)

SCHEDULE A

CALTRANS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID/ Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2021	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
V07	Mitigation Program	\$ 3,500,044	\$ 8,272,000	\$ -	\$ (9,867,880)	\$ -	\$ 1,904,164	
	Total MC EMP	<u>3,500,044</u>	<u>8,272,000</u>	<u>-</u>	<u>(9,867,880)</u>	<u>-</u>	<u>1,904,164</u>	
TransNet Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	1,227	-	-	-	-	1,227	
SAN156	Coastal Rail Trail: E St to Chesterfield	<u>185,934</u>	<u>-</u>	<u>-</u>	<u>(222)</u>	<u>-</u>	<u>185,712</u>	
	Total <i>TransNet</i> BPNS Program	<u>187,161</u>	<u>-</u>	<u>-</u>	<u>(222)</u>	<u>-</u>	<u>186,939</u>	
	Total <i>TransNet</i> Extension	<u>\$ 3,354,983</u>	<u>\$ 19,703,478</u>	<u>\$ -</u>	<u>\$ (18,706,325)</u>	<u>\$ -</u>	<u>\$ 4,352,136</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ 3,368,847</u>	<u>\$ 19,703,478</u>	<u>\$ -</u>	<u>\$ (18,706,325)</u>	<u>\$ -</u>	<u>\$ 4,366,000</u>	

Notes:

- (a) All projects related to CAL26 in the *TransNet* Highway section are in the final vouchering process and the goal is to close them during FY22.
- (b) Adjustments are due to rounding.
- (c) Negative ending balance will be removed with the next invoice to SANDAG in FY22.
- (d) CAL 68 was included in the completed projects section as the last activity on this project was back in FY 2018. SANDAG has chosen to activate and fund this project for the next several years. Removed total Funds Received and Project Expenditures from the completed *TransNet*-Major Corridor (MC) of the Schedule B section and added this project back into Schedule A and B active MC sections of the audit.
- (e) New project added to the 2021 audit.

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 100,164,644	\$ -	\$ (99,464,667)	\$ 699,977
CAL09 C	I-805 HOV / Carroll Canyon DAR	27,243,585	-	(27,273,401)	(29,816)
CAL29	SR 76 Middle	39,397,631	-	(39,397,631)	-
CAL29 B	SR 76 East	48,678,496	-	(48,839,907)	(161,411)
CAL38	SR-905 New Freeway	614,067	-	(612,439)	1,628
CAL68	94/125 S to E Connector	274,603	-	(281,674)	(7,071)
CAL75	I-5 Genesee	12,790,000	-	(10,120,497)	2,669,503
CAL78 B	I-805 North	12,172,604	-	(12,165,222)	7,382
CAL78 C	I-805 South	135,698,214	-	(135,739,925)	(41,711)
CAL78 D	I-805 South Soundwalls	4,561,374	-	(4,611,272)	(49,898)
CAL114	I-5/56 Interchange	682,000	-	(655,027)	26,973
CAL 277A	SR78/I-5 Express Lanes	2,658,478	-	(2,666,726)	(8,248)
CAL278	SR-78 HOV / Managed Lanes	1,662,367	-	(1,662,367)	-
SAN23	Mid-Coast LRT	386,000	-	(391,331)	(5,331)
SAN26 C	I-15 BRT Stations - South	11,994,160	-	(11,993,831)	329
SAN47	I-805 BRT	2,948,327	-	(2,939,071)	9,256
SAN73	San Elijo Lagoon Double Track	7,786,582	-	(7,786,582)	-
SAN73A	Chesterfield Dr Crossing	3,154,106	-	(3,154,106)	-
SAN224	I-805/SR-94 Bus on Shoulder Demonstrat	50,000	-	(71,659)	(21,659)
V-11	SR-11	1,558,550	-	(1,558,550)	-
V-15	I-5 Gilman Dr Bridge	113,999	-	(115,526)	(1,527)
V-18	I-5 Voigt	686,952	-	(686,952)	-
V20	CMCP	-	-	(827,343)	(827,343)
1200100	Program Office	221,956	-	(221,956)	-
	Total Major Corridor	415,498,695	-	(413,237,662)	2,261,033

(Continued)

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:					
MC EMP					
V07	Mitigation Program	\$ 163,272,185	\$ -	\$ (161,368,021)	\$ 1,904,164
	Total MC EMP	<u>163,272,185</u>	<u>-</u>	<u>(161,368,021)</u>	<u>1,904,164</u>
TransNet BPNS Program:					
CAL330	SR-15 Bike Path	2,907,000	-	(2,905,773)	1,227
SAN156	Coastal Rail Trail: E St to Chesterfield	<u>4,786,000</u>	<u>-</u>	<u>(4,600,288)</u>	<u>185,712</u>
	Total <i>TransNet</i> BPNS Program	<u>7,693,000</u>	<u>-</u>	<u>(7,506,061)</u>	<u>186,939</u>
	Subtotal Cumulative <i>TransNet</i> Extension	<u>586,463,880</u>	<u>-</u>	<u>(582,111,744)</u>	<u>4,352,136</u>
Completed Projects:					
	Major Corridor	230,583,691	-	(230,583,691)	-
	Mitigation Program (MC EMP)	14,279,000	-	(14,279,000)	-
	<i>TransNet</i> Local Program	<u>3,093,119</u>	<u>-</u>	<u>(3,093,119)</u>	<u>-</u>
	Total Completed Projects	<u>247,955,810</u>	<u>-</u>	<u>(247,955,810)</u>	<u>-</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 834,419,690</u>	<u>\$ -</u>	<u>\$ (830,067,554)</u>	<u>\$ 4,352,136</u>

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Carlsbad, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,784,822. We selected \$498,419 (27.93%) 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 reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. 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 120% that was determined by a consultant. The City allocated a total of \$72,700 of indirect costs in the RTIP, resulting in 4.07% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan was last updated in December 2020 and will stay at the 120% rate until 06/30/2021. The rates will be adjusted to 116% for FY21/22. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: 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, 2022.

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

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

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

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

Results: SANDAG approved the reason for the inactivity on February 15, 2022.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY21.

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

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

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

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

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

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

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

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

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

Fiscal year 2021 apportionment	\$3,501,316
Less: debt service payment	<u> -</u>
Net estimated apportionment	3,501,316
30% base	<u> 30%</u>
Fiscal year 2021 30% threshold	<u>1,050,395</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	672,532
Maintenance fund balance	<u>315,935</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>988,467</u>
Fund balance over apportionment	<u>\$ 61,928</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$ 672,532	\$ 8,307,791	\$ 8,980,323
Maintenance	<u>315,935</u>	<u>11,668,343</u>	<u>11,984,278</u>
Totals	<u>\$ 988,467</u>	<u>\$19,976,134</u>	<u>\$20,964,601</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 2.78% 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	\$24,255,157	\$ 6,874,655	\$31,129,812
Maintenance	1,579,825	11,079,700	12,659,525
Interest	<u>96,181</u>	<u>2,021,779</u>	<u>2,117,960</u>
 Total local street and road revenue	 <u>\$25,931,163</u>	 <u>\$19,976,134</u>	 <u>\$45,907,297</u>
 30% of total local street and road revenue			 \$13,772,189
Less maintenance expenditures incurred to date			<u>(1,274,895)</u>
 Available maintenance funds			 <u>\$12,497,294</u>
 Cumulative percentage expended for maintenance			 <u>2.78%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$177,085,370</u>	<u>\$155,643,413</u>	<u>1.14</u>

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

Results: The lowest growth rate is 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$6,746,377
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$4,250,218</u>

13. We reviewed the MOE requirement.

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

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$12,077,236
Less MOE base year requirement	<u>(6,746,377)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 5,330,859</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.
Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.
Results: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.
Results: No exceptions were noted as a result of our procedures.
- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
Results: The City recorded total RTCIP expenditures in the amount of \$276,867. We selected \$63,844 (23.06%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
Results: This procedure is not applicable as there were no RTCIP unallowable expenditures identified during FY21.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
Results: This procedure is not applicable as RCTIP payroll amounts did not exceed the 20% threshold during FY21.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the

TransNet Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 4, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative

costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

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

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
May 24, 2022

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	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	-	1,900	-	(3,294)	-	(1,394)	(a)
CB17	60143	Carlsbad Blvd Bridge - Powerplant	48,096	-	296	-	-	48,392	(b)
CB17	60532	CB Blvd Railing East Side	9,668	-	60	-	-	9,728	(b)
		Total CB17 Projects	57,764	-	356	-	-	58,120	
CB20	60011	Pavement Management - Overlay	438,846	-	1,584	(184,382)	-	256,048	
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	(127,459)	330,000	1,790	(183,810)	260,820	281,341	(c)
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	(12,835)	660,000	651	(540,295)	-	107,521	
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	8,795	40,000	15	(42,254)	-	6,556	
CB36	60311	Carlsbad Blvd Realignment	(131)	135	-	(137)	-	(133)	(a)
CB43	60491	ADA Improvements	(11,278)	135,000	12	(120,362)	-	3,372	
CB49	60751	Kelly and Park Dr. Street Improvements	(7,326)	100,000	7	(90,283)	-	2,398	
CB51	63261	Adaptive Traffic Signal Program	(440,954)	457,000	-	(16,045)	-	1	
CB52	40152	Village/Barrio Traffic Circles	(75,413)	430,000	50	(346,733)	-	7,904	
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	45,325	-	282	-	-	45,607	
CB59	60941	ECR Wid-SunnyCrk to Jackspar	-	133,000	-	(227,809)	-	(94,809)	(a)
		Total Congestion Relief	(124,666)	2,287,035	4,747	(1,755,404)	260,820	672,532	
Maintenance:									
CB58	60622	Street Light Bulb Replacement Program	330,686	-	1,954	(16,705)	-	315,935	
		Total Maintenance	330,686	-	1,954	(16,705)	-	315,935	
		Total Local Street Improvements	206,020	2,298,735	6,701	(1,783,809)	260,820	988,467	

(Continued)

SCHEDULE A

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
		Bikes and Pedestrian (BPNS):							
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ (1,648)	\$ 20,224	\$ 114	\$ (1,013)	\$ -	\$ 17,677	
		Total Bikes and Pedestrian (BPNS):	(1,648)	20,224	114	(1,013)	-	17,677	
		Total <i>TransNet</i> Extension	204,372	2,318,959	6,815	(1,784,822)	260,820	1,006,144	
		GASB 31 Fair Market Value Adjustment	472	-	(10,276)	-	-	(9,804)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 204,844	\$ 2,318,959	\$ (3,461)	\$ (1,784,822)	\$ 260,820	\$ 996,340	

- Notes:**
- (a) Projects ending with negative cash balance at end of FY was a result of no remaining funds left to withdraw for FY21. Expenditures doubled in FY21 due to COVID. The City will be drawing funds to clear negative balances in FY21 and has already begun doing so.
 - (b) Project is marked as complete in ProjectTrak, did not incur expenses in FY21 and project is scheduled to close 12/2021. The City is to request a transfer of funds for the remaining balance in FY22 to an identified project at that time. Currently, our Council schedule is reserved for other items past April 2022. This request will be made after March 2nd, 2022.
 - (c) Adjustment to funds due to CalTrans grant received for periods crossing over from FY20. Invoices submitted to CalTrans cover a period of 6 months. Due to this reason, expenditures eligible for reimbursement that had not been submitted at year-end FY21 but were eligible have been reallocated to the federal account. As such, expenditures shows as negative in FY21 but will true up in FY22. The City plans to realign the City's invoice submissions to match FY22 reporting periods.

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 105,300	\$ -	\$ (105,300)	\$ -
Total Congestion Relief-Pass Through			<u>105,300</u>	<u>-</u>	<u>(105,300)</u>	<u>-</u>
Congestion Relief:						
CB12	36364	College Rch A, Cannon Reach 4A	1,900	-	(3,294)	(1,394)
CB17	60143	Carlsbad Blvd Bridge-Powerplant	232,278	2,224	(186,110)	48,392
CB17	60532	CB Blvd Railing East Side	10,000	433	(705)	9,728
CB20	60011	Pavement Management - Overlay	10,421,709	18,059	(10,183,720)	256,048
CB32	60721	ECR Widening - Cassia to Cam Vid Robl	400,000	1,790	(120,449)	281,341
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	829,000	3,032	(724,511)	107,521
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	235,000	3,906	(232,350)	6,556
CB36	60311	Carlsbad Blvd Realignment	3,000,135	14,529	(3,014,797)	(133)
CB43	60491	ADA Improvements	1,130,000	1,308	(1,127,936)	3,372
CB49	60751	Kelly and Park Dr. Street Improvements	675,000	991	(673,593)	2,398
CB51	63261	Adaptive Traffic Signal Program	2,642,000	42	(2,642,041)	1
CB52	40152	Village/Barrio Traffic Circles	472,000	50	(464,146)	7,904
CB53	60681	Carlsbad Blvd. Pedestrian Roadway Lighting	65,000	1,628	(21,021)	45,607
CB59	60941	ECR Wid-SunnyCrk to Jackspar	<u>133,000</u>	<u>-</u>	<u>(227,809)</u>	<u>(94,809)</u>
Total Congestion Relief			<u>20,247,022</u>	<u>47,992</u>	<u>(19,622,482)</u>	<u>672,532</u>
Maintenance:						
CB58	60622	Street Light Bulb Replacement Program	<u>1,295,000</u>	<u>10,988</u>	<u>(990,053)</u>	<u>315,935</u>
Total Maintenance			<u>1,295,000</u>	<u>10,988</u>	<u>(990,053)</u>	<u>315,935</u>
Total Local Street Improvements			<u>21,647,322</u>	<u>58,980</u>	<u>(20,717,835)</u>	<u>988,467</u>

(Continued)

SCHEDULE B

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Bikes and Pedestrian (BPNS):				
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	\$ 104,823	\$ 114	\$ (87,260)	\$ 17,677
		Total Bikes and Pedestrian (BPNS):	<u>104,823</u>	<u>114</u>	<u>(87,260)</u>	<u>17,677</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>21,752,145</u>	<u>59,094</u>	<u>(20,805,095)</u>	<u>1,006,144</u>
		Completed Projects:				
		Congestion Relief	3,902,835	37,070	(3,939,905)	-
		Maintenance	284,825	17	(284,842)	-
		Bikes and Pedestrian	564,048	-	(564,048)	-
		Environmental Mitigation Grant	<u>384,947</u>	<u>-</u>	<u>(384,947)</u>	<u>-</u>
		Total Completed Projects	<u>5,136,655</u>	<u>37,087</u>	<u>(5,173,742)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 26,888,800</u>	<u>\$ 96,181</u>	<u>\$ (25,978,837)</u>	<u>\$ 1,006,144</u>

SCHEDULE C

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020	
For Fiscal Year ended June 30, 2014	June 30, 2021	CB04A	\$ 353,442	\$ 7,757	\$ (361,199)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	CB04A	623,822	6,962	(630,784)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	CB04A	470,174	-	(470,174)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	CB04A	1,727,814	-	(1,727,814)	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	CB04A	751,460	-	(354,980)	-	-	396,480	673,347	
For Fiscal Year ended June 30, 2019	June 30, 2026	CB04A	715,030	-	-	-	-	715,030	715,030	
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	CB31	373,424	-	-	-	-	373,424	-	
Interest Income			-	62,951	-	-	-	62,951	39,770	
Total RTCIP Funds			\$ 5,788,186	\$ 77,670	\$ (3,544,951)	\$ -	\$ -	\$ 2,320,905	\$ 2,201,167	

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Chula Vista, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$9,930,629. We selected \$3,608,519 (36.34%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

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

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project and multiplying the hours worked by the City's fully burdened hourly rate. Total indirect costs included within projects on the RTIP were \$1,956,496, or 19.70% of total *TransNet* expenditures. The City's written indirect cost plan was last updated October 2020. The plan is not approved by City Council. The City's indirect cost plan has not been reviewed by a federal or state agency or audited by an independent CPA firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY21.

- 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 FY21.

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

Results: We noted that there were two transfers performed during FY21. Per Staff Resolution 2021-100: Moved CHV85 (STM0398) transfer \$1,331 (\$200 to CHV77 -TRF0395 and \$1,131 to CHV82 -STL0420). The second transfer will be from the remaining balance from MPO ID CHV30 to CHV60 during the Cities council in March 2022.

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2021 apportionment	\$6,960,613
Less: debt service payment	<u> -</u>
Net estimated apportionment	6,960,613
30% base	<u> 30%</u>
Fiscal year 2021 30% threshold	<u>2,088,184</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(785,352)
Maintenance fund balance	<u>(672,766)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,458,118)</u>
Fund balance under apportionment	<u>\$3,546,302</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (785,353)	\$5,513,719	\$4,728,366
Maintenance	<u>(672,766)</u>	<u>6,435,671</u>	<u>5,762,905</u>
Totals	<u>\$(1,458,119)</u>	<u>\$11,949,390</u>	<u>\$10,491,271</u>

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

Results: The City has expended 23.14% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$48,338,211	\$4,501,197	\$52,839,408
Maintenance	17,269,759	6,016,597	23,286,356
Interest	<u>73,484</u>	<u>1,431,596</u>	<u>1,505,080</u>
Total local street and road revenue	<u>\$65,681,454</u>	<u>\$11,949,390</u>	<u>\$77,630,844</u>
30% of total local street and road revenue			\$23,289,253
Less maintenance expenditures incurred to date			<u>(17,963,934)</u>
Available maintenance funds			<u>\$5,325,319</u>
Cumulative percentage expended for maintenance			<u>23.14%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.

- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by			
Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$217,347,023</u>	<u>\$163,447,802</u>	<u>1.33</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$4,387,018
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$2,763,821</u>

13. We reviewed the MOE requirement.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$4,547,375
Less MOE base year requirement	<u>(4,387,018)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 160,357</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$143,653. We selected \$125,001 (87.02%) for testing. No exceptions noted as a result of our procedures.

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

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

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

Results: This procedure is not applicable as the City did not exceed the 20% threshold for the fiscal year ended June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 27, 2021.

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

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

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

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

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

CITY OF CHULA VISTA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</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:									
CHV30	STM0361	I-5 Multi-Modal Corridor Imprv. Study	(56,861)	57,000	-	-	(139)	-	(a)(b)
CHV39	TRF0350	Traffic Signal System Optimization	(35,625)	138,270	-	(148,516)	-	(45,871)	(c)
CHV39	TRF0400	Signal Retiming of Yellow	103	1,100	-	(1,029)	-	174	
CHV39		Traffic Signal Comm Improv W of 805	-	295	-	(192)	-	103	
		Total CHV39 Projects	(35,522)	139,665	-	(149,737)	-	(45,594)	
CHV44	TRF0356	Otay Mesa Transportation System	(830)	13,750	-	(14,495)	-	(1,575)	(c)
CHV48	STM0390	Major Pavement Rehab FY 2016/17	435,992	-	-	-	(435,992)	-	
CHV48	STM0393	Major Pavement Rehabilitation FY2017/18	292,426	-	-	(34,700)	-	257,726	
CHV48	STM0397	Major Pavement Rehabilitation FY2018/19	1,475,274	22	-	(2,435,957)	435,992	(524,669)	(c)
CHV48	STM0402	Major Pavement Rehabilitation FY2020-21	-	2,578	-	(2,578)	-	-	(a)
		Total CHV48 Projects	2,203,692	2,600	-	(2,473,235)	-	(266,943)	
CHV51	STL0382	Cross Gutter Rehabilitation	(210,056)	-	-	(614)	-	(210,670)	(c)
		Subtotal Congestion Relief	1,900,423	213,015	-	(2,638,081)	(139)	(524,782)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Balance carried forward - Congestion Relief	\$ 1,900,423	\$ 213,015	\$ -	\$ (2,638,081)	\$ (139)	\$ (524,782)	
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	(71,425)	127,450	-	(69,277)	-	(13,252)	(c)
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	(619)	4,585	-	(3,793)	-	173	
		Total CHV58 Projects	(72,044)	132,035	-	(73,070)	-	(13,079)	
CHV60	STL0418	Bonita RD & Allen School Lane	1,354	-	-	-	(1,354)	-	(a)
CHV60	STL0437	EB Right Turn Lane Instal/ East H St Study	62	-	-	-	-	62	
CHV60	TRF0398	Traffic Sig Instal at Main St and Jacqua St	55	1,985	-	(2,112)	139	67	(b)
CHV60	TRF0407	Traffic Sig Mod at Five Intersections	(45,704)	114,000	-	(67,696)	1,354	1,954	
CHV60	TRF0412	Traffic Signal Upgrades at Two Locations	58	143,880	-	(143,834)	-	104	
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	2,828	14,300	-	(5,532)	-	11,596	
CHV60	TRF0424	Ped Hybr Beacon Upgrade	-	70,145	-	(70,014)	-	131	
		Total CHV60 Projects	(41,347)	344,310	-	(289,188)	139	13,914	
CHV70	STL0438	Sweetwater River Bikeway Connections	259	560	-	(819)	-	-	
CHV70	STM0384	Bike Lanes onBrdwy FsblyStudy	(203,468)	1,433,500	-	(1,441,929)	-	(211,897)	(c)
CHV70	STM0392	Bike Lanes on Broadway	597	451,590	-	(449,888)	-	2,299	
		Total CHV70 Projects	(202,612)	1,885,650	-	(1,892,636)	-	(209,598)	
CHV77	TRF0395	SANDAG MainSt Fiber OpticAddtl	(170)	800	-	(812)	200	18	(d)
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	898	21,885	-	(22,632)	-	151	
CHV79	TRF0446	Left Turn Imp Bonita Rd@ Bonita Glen	-	14,330	-	(19,620)	-	(5,290)	(c)
		Total CHV79 Projects	898	36,215	-	(42,252)	-	(5,139)	
		Subtotal Congestion Relief	1,585,148	2,612,025	-	(4,936,039)	200	(738,666)	

(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, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Balance carried forward - Congestion Relief	\$ 1,585,148	\$ 2,612,025	\$ -	\$ (4,936,039)	\$ 200	\$ (738,666)	
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	(458,384)	1,100,000	-	(710,546)	-	(68,930)	(c)
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	(441)	-	-	-	1,131	690	(d)
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	(37,331)	513,830	-	(502,055)	-	(25,556)	(c)
CHV85	STM0398	East "H" Street Sidewalk Improvements	1,331	-	-	-	(1,331)	-	(d)
		Interest Income	44,437	-	2,673	-	-	47,110	
		Total Congestion Relief	1,134,760	4,225,855	2,673	(6,148,640)	-	(785,352)	
		Maintenance:							
CHV06	CTY0219	Pavement Management System	(90,690)	224,000	-	(171,550)	-	(38,240)	(c)
CHV06	STL0445	Pavement Minor Rehab	-	1,600	-	(1,521)	-	79	
		Total CHV06 Projects	(90,690)	225,600	-	(173,071)	-	(38,161)	
CHV22	CTY0202	CIP Advanced Planning	(63,285)	110,410	-	(83,242)	-	(36,117)	(c)
CHV22	CTY0208	CIP Management & Equipment Purchase	2,325	-	-	-	-	2,325	
CHV22	CTY0232	ADA Pedestrian Connectivity Program	-	11,850	-	(11,752)	-	98	
		Total CHV22 Projects	(60,960)	122,260	-	(94,994)	-	(33,694)	
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	(25,441)	58,610	-	(32,963)	-	206	
CHV33	STM0380	Sidewalk Replacement E H Street Study	(1,234)	2,700	-	(1,191)	-	275	
CHV33	TRF0345	School Zone Traffic Calming	6,186	14,000	-	(19,742)	-	444	
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	(39,436)	52,800	-	(48,457)	-	(35,093)	(c)
CHV33	TRF0417	Enhanced Crosswalks School Zones	(2,227)	27,000	-	(14,218)	-	10,555	
		Total CHV33 Projects	(62,152)	155,110	-	(116,571)	-	(23,613)	
		Subtotal Maintenance	(213,802)	502,970	-	(384,636)	-	(95,468)	

(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, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Balance carried forward - Maintenance	\$ (213,802)	\$ 502,970	\$ -	\$ (384,636)	\$ -	\$ (95,468)	
CHV34	SW0292	Indtrl Blvd & Main St Swr Imprv	2	600	-	(493)	-	109	
CHV34	TRF0327	Neighborhood Safety Program	8,556	235,650	-	(270,879)	-	(26,673)	(c)
CHV34	TRF0394	Ped Crsswk Enhanc @UncntrldIn	46	-	-	-	-	46	
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	186	4,110	-	(4,232)	-	64	
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Progra	(2,208)	6,725	-	(4,396)	-	121	
CHV34	TRF0416	Intersection Safety Improvements	(22,768)	97,250	-	(74,429)	-	53	
		Total CHV34 Projects	(16,186)	344,335	-	(354,429)	-	(26,280)	
CHV35	TRF0332	Signing and Stripping Program	(14,030)	51,525	-	(43,689)	-	(6,194)	(c)
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	210	153,953	-	(153,888)	-	275	
CHV35	TRF0402	Traffic Signal Mod Broadway/F and Broadway/G	(127,292)	-	-	(2,555)	-	(129,847)	(c)
		Total CHV35 Projects	(141,112)	205,478	-	(200,132)	-	(135,766)	
CHV45	STM0369	Bikeway Facilities Gap Project	(36,223)	60,400	-	(28,647)	4,470	-	
CHV45	TRF0274	Traffic Count	34,418	-	-	-	(34,418)	-	
CHV45	TRF0321	Citywide Traffic Count Program	7,141	30,240	-	(44,738)	29,948	22,591	
		Total CHV45 Projects	5,336	90,640	-	(73,385)	-	22,591	
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	96,066	1,428,500	-	(1,951,303)	-	(426,737)	(c)
CHV50	DR0207	Drainage Infra Assesmnt in ROW	55,828	-	-	-	-	55,828	
CHV50	DR0217	CMP Repair ROW FY20/21	-	54,550	-	(54,226)	-	324	
CHV50	STM0385	Bridge Maintenance	37	2,400	-	(2,098)	-	339	
		Total CHV50 Projects	151,931	1,485,450	-	(2,007,627)	-	(370,246)	
		Subtotal Maintenance	(213,833)	2,628,873	-	(3,020,209)	-	(605,169)	

(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, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Balance carried forward - Maintenance	\$ (213,833)	\$ 2,628,873	\$ -	\$ (3,020,209)	\$ -	\$ (605,169)	
CHV53	STL0404	Bikeway Master Plan2016 Update	(102,942)	60,000	-	(11,186)	-	(54,128)	(c)
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	(11,635)	38,500	-	(26,004)	-	861	
CHV75	STL0447	ADA Pedestrian Curb Ramps Prog	-	25,540	-	(32,737)	-	(7,197)	(c)
		Total CHV75 Projects	(11,635)	64,040	-	(58,741)	-	(6,336)	
CHV83	STM0394	Local Street Utility Undergrounding District	(1,126)	6,100	-	(4,951)	-	23	
CHV83	STM0404	Bikeway Master Plan2016 Update	-	-	-	-	(27,346)	(27,346)	(c)(e)
		Total CHV83 Projects	(1,126)	6,100	-	(4,951)	(27,346)	(27,323)	
		Interest Income	19,044	-	1,146	-	-	20,190	
		Total Maintenance	(310,492)	2,759,013	1,146	(3,095,087)	(27,346)	(672,766)	
		Total Local Street Improvements	824,268	7,000,368	3,819	(9,259,227)	(27,346)	(1,458,118)	
		Major Corridor Environmental Mitigation:							
CHV08	CTY0227	Cstl Ccts WrenHabitat Restrnr	39	-	-	-	-	39	
CHV08	CTY0230	Rice Canyon Sensitive Plant Species (227355-7901)	-	14,541	-	(30,170)	-	(15,629)	(f)
		Total CHV08 Projects	39	14,541	-	(30,170)	-	(15,590)	
		Total Major Corridor Environmental Mitigation	39	14,541	-	(30,170)	-	(15,590)	

(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, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Bikes and Pedestrian							
CHV76	STL0412	F Street Promenade Streetscape Masterplan	\$ (27,346)	\$ -	\$ -	\$ -	\$ 27,346	\$ -	(a)(e)
		Total Bikes and Pedestrian	(27,346)	-	-	-	27,346	-	
		Smart Growth:							
CHV86	STL0406	3rd Ave Streetscap Imprv Phs 3	(150,690)	507,172	-	(641,232)	-	(284,750)	(g)
		Total Smart Growth	(150,690)	507,172	-	(641,232)	-	(284,750)	
		Total <i>TransNet</i> Extension	646,271	7,522,081	3,819	(9,930,629)	-	(1,758,458)	
		GASB 31 Market Value Adjustment	(3,061)	-	-	-	-	(3,061)	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 643,210	\$ 7,522,081	\$ 3,819	\$ (9,930,629)	\$ -	\$ (1,761,519)	

Notes:

- (a) Project Closed/Complete.
- (b) Moved remaining balance from CR-CHV30 (STM0361) to CR-CHV60 (TRF0398).
- (c) To be covered by drawdown in FY22.
- (d) Per Staff Resolution 2021-100: Moved CHV85 (STM0398) transfer \$1,331 (\$200 to CHV77 -TRF0395 and \$1,131 to CHV82 -STL0420).
- (e) Adjustment to correctly report non-grant expenditures in CHV83. Previously reported all expenses under CHV53 (BNP grant) in error.
- (f) Final invoice and retention billing pending in the amount of \$15,629; Project to be closed following receipt of payment.
- (g) Final invoice for \$122,837 submitted to SANDAG on 10/05/2021- payment pending.

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 139,500	\$ -	\$ (139,500)	\$ -
		Total Congestion Relief-Pass Through	<u>139,500</u>	<u>-</u>	<u>(139,500)</u>	<u>-</u>
Congestion Relief:						
CHV30	STM0361	15 Multi-Modal Corridor Improv. Study	<u>793,301</u>	<u>-</u>	<u>(793,301)</u>	<u>-</u>
CHV39	TRF0350	Traffic Signal System Optimization	1,615,413	833	(1,662,117)	(45,871)
CHV39	TRF0400	Signal Retiming of Yellow	8,576	-	(8,402)	174
CHV39	TRF0423	Traffic Signal Comm Improv W of 805	<u>295</u>	<u>-</u>	<u>(192)</u>	<u>103</u>
		Total CHV39 Projects	<u>1,624,284</u>	<u>833</u>	<u>(1,670,711)</u>	<u>(45,594)</u>
CHV44	TRF0356	Otay Mesa Transportation System	<u>26,178</u>	<u>-</u>	<u>(27,753)</u>	<u>(1,575)</u>
CHV48	STM390	Major Pavement Rehab FY 2016/17	3,436,712	-	(3,436,712)	-
CHV48	STM393	Major Pavement Rehabilitation FY2017/18	3,137,082	-	(2,879,356)	257,726
CHV48	STM397	Major Pavement Rehabilitation FY2018/19	2,159,414	-	(2,684,083)	(524,669)
CHV48	STM397	Major Pavement Rehabilitation FY2020-21	<u>2,578</u>	<u>-</u>	<u>(2,578)</u>	<u>-</u>
		Total CHV 48 Projects	<u>8,735,786</u>	<u>-</u>	<u>(9,002,729)</u>	<u>(266,943)</u>
		Subtotal Congestion Relief	<u>11,179,549</u>	<u>833</u>	<u>(11,494,494)</u>	<u>(314,112)</u>

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Congestion Relief balance carried forward	\$ 11,179,549	\$ 833	\$ (11,494,494)	\$ (314,112)
CHV51	STL0382	Cross Gutter Rehabilitation	175,602	-	(386,272)	(210,670)
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	315,119	-	(328,371)	(13,252)
CHV58	TRF0414	3rd Ave @ Seavale Pedestrian Improv	5,185	-	(5,012)	173
		Total CHV58 Projects	320,304	-	(333,383)	(13,079)
CHV60	STL0418	Bonita RD & Allen School Lane	154,999	-	(154,999)	-
CHV60	STL0437	EB Right Turn Lane Instal/ East H St Study	1,600	-	(1,538)	62
CHV60	TRF0398	Traffic Sig Instal at Main St and Jacqua St	6,361	-	(6,294)	67
CHV60	TRF0407	Traffic Sig Mod at Five Intersections	181,954	-	(180,000)	1,954
CHV60	TRF0412	Traffic Signal Upgrades at Two Locations	192,380	-	(192,276)	104
CHV60	TRF0418	Lead Ped Interval Traf Signal Ops	19,300	-	(7,704)	11,596
CHV60	TRF0424	Ped Hybr Beacon Upgrade	70,145	-	(70,014)	131
		Total CHV60 Projects	626,739	-	(612,825)	13,914
		Subtotal Congestion Relief	12,302,194	833	(12,826,974)	(523,947)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Congestion Relief balance carried forward	\$ 12,302,194	\$ 833	\$ (12,826,974)	\$ (523,947)
CHV70	STL0438	Sweetwater River Bikeway Connections	11,260	-	(11,260)	-
CHV70	STM0384	Bike Lanes on Brdwy FsbiltyStudy	1,783,495	-	(1,995,392)	(211,897)
CHV70	STM0392	Bike Lanes on Broadway	897,423	-	(895,124)	2,299
		Total CHV70 Projects	2,692,178	-	(2,901,776)	(209,598)
CHV77	TRF0395	SANDAG Main St Fiber OpticAddtl	37,773	-	(37,755)	18
CHV79	TRF0415	Telegraph Cnyn Rd Raised Median Impvmnts	50,592	-	(50,441)	151
CHV79	TRF0446	Left Turn Imp Bonita Rd@ bonita Glen	14,330	-	(19,620)	(5,290)
		Total CHV79 Projects	64,922	-	(70,061)	(5,139)
CHV80	STL0406	3rd Ave Streetscp Imprv Phs 3	2,340,038	-	(2,408,968)	(68,930)
CHV82	STL0420	Palomar St/Orange Ave Sidewalk	599,341	-	(598,651)	690
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	872,850	-	(898,406)	(25,556)
CHV85	STM0398	East "H" Street Sidewalk Improvements	17,693	-	(17,693)	-
		Interest Income	-	47,110	-	47,110
		Total Congestion Relief	18,926,989	47,943	(19,760,284)	(785,352)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
Maintenance:						
CHV06	CTY0219	Pavement Management System	\$ 1,045,988	\$ -	\$ (1,084,228)	\$ (38,240)
CHV06	STL0445	Pavement Minor Rehab	<u>32,432</u>	<u>-</u>	<u>(32,353)</u>	<u>79</u>
		Total CHV06 Projects	<u>1,078,420</u>	<u>-</u>	<u>(1,116,581)</u>	<u>(38,161)</u>
CHV22	CTY0202	CIP Advanced Planning	723,776	-	(759,893)	(36,117)
CHV22	CTY0208	CIP Management & Equipment Purchase	45,873	-	(43,548)	2,325
CHV22	CTY0232	ADA Pedestrian Connectivity Program	<u>11,850</u>	<u>-</u>	<u>(11,752)</u>	<u>98</u>
		Total CHV 22 Projects	<u>781,499</u>	<u>-</u>	<u>(815,193)</u>	<u>(33,694)</u>
CHV33	STL0410	Kellog Elem Schl Ped Improvmt	129,668	-	(129,462)	206
CHV33	STM0380	Sidewalk Replacement E H Street Study	148,612	-	(148,337)	275
CHV33	TRF0345	School Zone Traffic Calming	527,107	-	(526,663)	444
CHV33	TRF0384	Lauderbach Elem. Pedestrian Imprv	156,696	-	(191,789)	(35,093)
CHV33	TRF0417	Enhanced Crosswalks School Zones	<u>27,000</u>	<u>-</u>	<u>(16,445)</u>	<u>10,555</u>
		Total CHV 33 Projects	<u>989,083</u>	<u>-</u>	<u>(1,012,696)</u>	<u>(23,613)</u>
CHV34	GGV222	Asset Management	127,000	-	(127,000)	-
CHV34	SWR0292	Indtrl Blvd & Main St Swr Imprv	139,401	-	(139,292)	109
CHV34	TRF0327	Neighborhood Safety Program	1,798,162	-	(1,824,835)	(26,673)
CHV34	TRF0394	Ped Crsswlk Enhanc @UncntrldIn	82,000	-	(81,954)	46
CHV34	TRF0411	Ped Imprvmnts- Castle Park Middle School	8,269	-	(8,205)	64
CHV34	TRF0413	Ladder Crosswalks at Controlled Intersections Program	11,806	-	(11,685)	121
CHV34	TRF0416	Intersection Safety Improvements	<u>98,700</u>	<u>-</u>	<u>(98,647)</u>	<u>53</u>
		Total CHV 34 Projects	<u>2,265,338</u>	<u>-</u>	<u>(2,291,618)</u>	<u>(26,280)</u>
		Subtotal Maintenance	<u>5,114,340</u>	<u>-</u>	<u>(5,236,088)</u>	<u>(121,748)</u>

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Maintenance balance carried forward	\$ 5,114,340	\$ -	\$ (5,236,088)	\$ (121,748)
CHV35	TRF0332	Signing and Stripping Program	493,163	-	(499,357)	(6,194)
CHV35	TRF0366	Traffic Signal & St. Lighting Upgrade / Maint.	1,945,848	-	(1,945,573)	275
CHV35	TRF0402	Traffic Signal Mod Broadway/F and Broadway/G	-	-	(129,847)	(129,847)
CHV35	TRF0421	Engineering & Traffic Survey Updates Program	-	-	-	-
		Total CHV 35 Projects	<u>2,439,011</u>	<u>-</u>	<u>(2,574,777)</u>	<u>(135,766)</u>
CHV45	STM0369	Bikeway Facilities Gap Project	423,303	-	(423,303)	-
CHV45	TRF0274	Traffic Count	214,976	-	(214,976)	-
CHV45	TRF0321	Citywide Traffic Count Program	<u>521,191</u>	<u>-</u>	<u>(498,600)</u>	<u>22,591</u>
		Total CHV 45 Projects	<u>1,159,470</u>	<u>-</u>	<u>(1,136,879)</u>	<u>22,591</u>
CHV50	DR0205	CMP Rehabilitation In Right of Way FY17/18	1,729,050	-	(2,155,787)	(426,737)
CHV50	DR0207	Drainage Infra Assesmnt in ROW	136,194	-	(80,366)	55,828
CHV50	DR0217	CMP Repair ROW FY20/21	54,550	-	(54,226)	324
CHV50	STM0385	Bridge Maintenance	<u>60,985</u>	<u>-</u>	<u>(60,646)</u>	<u>339</u>
		Total CHV 50 Projects	<u>1,980,779</u>	<u>-</u>	<u>(2,351,025)</u>	<u>(370,246)</u>
		Subtotal Maintenance	<u>10,693,600</u>	<u>-</u>	<u>(11,298,769)</u>	<u>(605,169)</u>

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Maintenance balance carried forward	\$ 10,693,600	\$ -	\$ (11,298,769)	\$ (605,169)
CHV53	STL0404	Bikeway Master Plan 2016 Update	120,752	-	(174,880)	(54,128)
CHV75	STL0432	ADA Pedestrian Curb Ramps Program FY18/19	70,350	-	(69,489)	861
CHV75	STL0447	ADA Pedestrian Curb Ramps Program	25,540	-	(32,737)	(7,197)
		Total CHV 75 Projects	95,890	-	(102,226)	(6,336)
CHV83	STM0394	Local Street Utility Undergrounding District	39,340	-	(39,317)	23
CHV83	STL0404	Bikeway Master Plan 2016 Update	-	-	(27,346)	(27,346)
		Total CHV 83 Projects	39,340	-	(66,663)	(27,323)
		Interest Income	-	20,190	-	20,190
		Total Maintenance	10,949,582	20,190	(11,642,538)	(672,766)
		Total Local Street Improvements	30,016,071	68,133	(31,542,322)	(1,458,118)
		Major Corridor Environmental Mitigation:				
CHV08	CTY0227	Cstl Cts WrenHabitat Restrtn	189,820	-	(189,781)	39
CHV08	CTY0230	Rice Canyon Sensitive Plant Species	14,541	-	(30,170)	(15,629)
		Total Major Corridor Environmental Mitigation	204,361	-	(219,951)	(15,590)

(Continued)

SCHEDULE B

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Bike and Pedestrian:				
CHV76	STL0412	F Street Promenade Streetscape Masterplan	\$ 385,634	\$ -	\$ (385,634)	\$ -
		Total Bike and Pedestrian	<u>385,634</u>	<u>-</u>	<u>(385,634)</u>	<u>-</u>
		Smart Growth:				
CHV86	STL0406	3rd Ave Streetscap Imprv Phs 3	<u>1,863,382</u>	<u>-</u>	<u>(2,148,132)</u>	<u>(284,750)</u>
		Total Smart Growth	<u>1,863,382</u>	<u>-</u>	<u>(2,148,132)</u>	<u>(284,750)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>32,469,448</u>	<u>68,133</u>	<u>(34,296,039)</u>	<u>(1,758,458)</u>
		Completed Projects:				
		LSI - Congestion Relief	29,271,722	4,132	(29,275,854)	-
		LSI - Maintenance	6,320,177	1,219	(6,321,396)	-
		Major Corridor Environmental Mitigation	852,688	-	(852,688)	-
		Smart Growth	4,104,566	-	(4,104,566)	-
		Bike and Pedestrian	<u>442,948</u>	<u>-</u>	<u>(442,948)</u>	<u>-</u>
		Total Completed Projects	<u>40,992,101</u>	<u>5,351</u>	<u>(40,997,452)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 73,461,549</u>	<u>\$ 73,484</u>	<u>\$ (75,293,491)</u>	<u>\$ (1,758,458)</u>

SCHEDULE C

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

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, 2021	June 30, 2021	June 30, 2020			
For Fiscal Year ended June 30, 2014	June 30, 2021		\$ 52,116	\$ 951	\$ (53,067)	\$ -	\$ -	\$ -	\$ -			
For Fiscal Year ended June 30, 2015	June 30, 2022		90,931	502	(91,433)	-	-	-	-	68,398		
For Fiscal Year ended June 30, 2016	June 30, 2023		90,345	-	(75,255)	-	-	-	15,090	90,345		
For Fiscal Year ended June 30, 2017	June 30, 2024		5,708	-	-	-	-	-	5,708	5,708		
For Fiscal Year ended June 30, 2018	June 30, 2025		389,773	-	-	-	-	-	389,773	389,773		
For Fiscal Year ended June 30, 2019	June 30, 2026		120,066	-	-	-	-	-	120,066	120,066		
For Fiscal Year ended June 30, 2020	June 30, 2027		68,068	-	-	-	-	-	68,068	68,067		
For Fiscal Year ended June 30, 2021	June 30, 2028		564,393	-	-	(4,387)	-	-	560,006	-	(a)	
Interest Income			-	55,506	-	-	-	-	55,506	38,591		
Subtotal RTCIP Funds			1,381,400	56,959	(219,755)	(4,387)	-	-	1,214,217	780,948		
GASB 31 Market Value Adjustment			-	(7,215)	-	-	-	-	(7,215)	(16,864)		
Total RTCIP Funds			\$ 1,381,400	\$ 49,744	\$ (219,755)	\$ (4,387)	\$ -	\$ -	\$ 1,207,002	\$ 764,084		

Notes:

(a) Adjustment is for refund from FY19 applied in FY21.

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Coronado, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether 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 reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no non-payroll expenditures incurred by the City for the fiscal year ended June 30, 2021.

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

Results: This procedure is not applicable as the City did not incur non-payroll RTIP expenditures for the fiscal year ended June 30, 2021.

- 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 the City did not incur non-payroll RTIP expenditures for the fiscal year ended June 30, 2021.

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

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

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

Results: The City recorded total *TransNet* payroll expenditures in the amount of \$101,876. The City was unable to provide timekeeping records for the payroll transactions reported to support the expenditures recorded for *TransNet* projects. As an alternate procedure, we reviewed project deliverables and other milestones to ensure the expenditures

claimed by the City related to the projects on the RTIP currently in the design/evaluation phase. No exceptions were noted as a result of these alternate procedures. However we have made a recommendation to the City to improve timekeeping records in order to directly support expenditures incurred for projects within the RTIP. See Finding 1 in the Findings and Recommendations section of this report.

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no completed projects which had a positive ending balance for the fiscal year ended June 30, 2021.

- 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 project which had a negative ending balance for the fiscal year ended June 30, 2021.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2021.

Results: This procedure is not applicable as there were no project which had a negative ending balance for the fiscal year ended June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2021 apportionment	\$700,698
Less: debt service payment	_____
Net estimated apportionment	700,698
30% base	_____ 30%
Fiscal year 2021 30% threshold	<u>210,209</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	6,844
Maintenance fund balance	_____
Total Local Streets and Roads and Local Street Improvement fund balance	<u>6,844</u>
Fund balance under apportionment	<u>\$203,365</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$6,844	\$ 66,281	\$ 73,125
Maintenance	<u>-</u>	<u>2,217,155</u>	<u>2,217,155</u>
Totals	<u>\$6,844</u>	<u>\$2,283,436</u>	<u>\$2,290,280</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 3.46% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$5,596,276	\$ (78,073)	\$5,518,203
Maintenance	282,949	2,164,779	2,447,728
Interest	<u>21,463</u>	<u>196,730</u>	<u>218,193</u>
Total local street and road revenue	<u>\$5,900,688</u>	<u>\$2,283,436</u>	<u>\$8,184,124</u>
30% of total local street and road revenue			\$2,455,237
Less maintenance expenditures incurred to date			<u>(283,272)</u>
Available maintenance funds			<u>\$2,171,965</u>
Cumulative percentage expended for maintenance			<u>3.46%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by

taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by			
Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.
- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30, and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$58,950,751</u>	<u>\$60,356,238</u>	<u>0.98</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 0.63

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021 to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$984,388
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$620,164</u>

13. We reviewed the MOE requirement.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021 is summarized as follows:

Current year local discretionary expenditures	\$1,295,763
Less MOE base year requirement	<u>(984,388)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 311,375</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 reviewed 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, 2021.

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 30, 2021.

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

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

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

Results: The City had one prior year finding related to the under-collection of RTCIP exaction fees. We reviewed evidence that under-collections totaling \$129 in the prior year were collected in FY21.

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

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

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2022

CITY OF CORONADO, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2021

(1) **Need to Improve Project Timesheet Tracking Procedures**

The City was unable to support staff time worked on projects included within the RTIP with proper timekeeping records. As such, the auditor obtained project milestone documentation and other deliverables to substantiate the payroll charges incurred for *TransNet* activity for the fiscal year ended June 30, 2021.

SANDAG Board Policy 31, Rule #17, amended July 27, 2012 states in part:

"The fiscal and compliance audit is an essential tool to determine that *TransNet* funds are being used for the intended purposes. The Commission has the fiduciary responsibility to ensure that the public funds are used in accordance with the *TransNet* Ordinance and Expenditure Plans (87-01 and 04-01)..."

The rule further states:

"...Recipient agencies must be ready and available to meet with the auditors and provide requested financial schedules and other information necessary for the completion of the audit..."

Recommendation

We recommend that the City improve their timekeeping procedures in an effort to adequately support staff time incurred for projects included within the RTIP. Specifically, we recommend the City implement *TransNet* project codes within their time entry system so that work completed for *TransNet* projects may be easily identifiable and available for review.

Management Response

The City of Coronado is in the process of implementing a new enterprise resource platform (ERP) inclusive of automated timekeeping functionality. The timekeeping system, part of the Human Capital Management sub-module, is currently scheduled to be implemented in January of 2023 and should further facilitate project tracking capability of staff time. In addition, the City will conduct regular quality assurance checks to ensure compliance and appropriate documentation of *TransNet* activities.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
TransNet Extension:									
Congestion Relief:									
COR 07	9719-18SCG	Street, Curb & Gutter-FY18	\$ 3,589	\$ -	\$ -	\$ -	\$ (3,589)	\$ -	(a)(b)
COR 07	9740-20002	Street, Curb & Gutter-FY19/FY20	24,854	-	-	(18,010)	-	6,844	
Total COR07 Projects			28,443	-	-	(18,010)	(3,589)	6,844	
COR 25	9712-18003	Ocean Blvd. Street Improvement	-	80,000	277	(83,866)	3,589	-	(b)
Total Congestion Relief			28,443	80,000	277	(101,876)	-	6,844	
Senior Mini Grant:									
COR20	SMG16-17	Senior Out and About Mini-Grant	(1,146)	-	-	-	1,146	-	(a)(c)
Total Senior Mini Grant			(1,146)	-	-	-	1,146	-	
Total <i>TransNet</i> Extension			27,297	80,000	277	(101,876)	1,146	6,844	
GASB 31 Market Value Adjustment			2,497	-	(2,887)	-	-	(390)	
Total <i>TransNet</i> Extension after GASB 31 adjustment			\$ 29,794	\$ 80,000	\$ (2,610)	\$ (101,876)	\$ 1,146	\$ 6,454	

Notes:

- (a) Project is complete.
- (b) Excess interest income was transferred from completed project COR 07-18SCG to COR 25.
- (c) Grant was fully expended in PY, and deficit was covered by the Cities General Fund.

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR 07	9719-18SCG	Street, Curb & Gutter-FY18	\$ -	\$ 63	\$ (63)	\$ -
COR 07	9740-20002	Street, Curb & Gutter-FY19 and FY20	<u>87,579</u>	<u>-</u>	<u>(80,735)</u>	<u>6,844</u>
		Total COR07 Projects	87,579	63	(80,798)	6,844
COR 25	9712-18003	Ocean Blvd. Street Improvement	<u>80,000</u>	<u>3,866</u>	<u>(83,866)</u>	<u>-</u>
		Total Congestion Relief	<u>167,579</u>	<u>3,929</u>	<u>(164,664)</u>	<u>6,844</u>
		Total Local Street Improvements	<u>167,579</u>	<u>3,929</u>	<u>(164,664)</u>	<u>6,844</u>
Senior Mini Grant:						
COR20	SMG16-17	Senior Out and About Mini-Grant	<u>89,083</u>	<u>-</u>	<u>(89,083)</u>	<u>-</u>
		Total Senior Mini Grant	<u>89,083</u>	<u>-</u>	<u>(89,083)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>256,662</u>	<u>3,929</u>	<u>(253,747)</u>	<u>6,844</u>
Completed Projects:						
		LSI - Congestion Relief	5,428,697	17,211	(5,445,908)	-
		LSI - Maintenance	<u>282,949</u>	<u>323</u>	<u>(283,272)</u>	<u>-</u>
		Total Completed Projects	<u>5,711,646</u>	<u>17,534</u>	<u>(5,729,180)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 5,968,308</u>	<u>\$ 21,463</u>	<u>\$ (5,982,927)</u>	<u>\$ 6,844</u>

SCHEDULE C

CITY OF CORONADO, CALIFORNIA
 TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020	
For Fiscal Year ended June 30, 2014	June 30, 2021	COR24	\$ 35,820	\$ 2,008	\$ (37,828)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	COR24	24,273	1,267	(25,540)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	COR24	18,536	876	(19,412)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	COR24	21,213	1,210	(3,671)	-	-	18,752	18,501	
For Fiscal Year ended June 30, 2018	June 30, 2025		14,425	767	-	-	-	15,192	14,989	
For Fiscal Year ended June 30, 2019	June 30, 2026		26,446	1,265	-	-	-	27,711	27,341	
For Fiscal Year ended June 30, 2020	June 30, 2027		15,943	452	-	129	-	16,395	16,176	(a)
For Fiscal Year ended June 30, 2021	June 30, 2028		-	-	-	-	-	-	-	
Total RTCIP Funds			156,656	7,845	(86,451)	129	-	78,050	77,007	
GASB 31 Market Value Adjustment			-	584	-	-	-	584	461	
Total RTCIP Funds			<u>\$ 156,656</u>	<u>\$ 8,429</u>	<u>\$ (86,451)</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 78,634</u>	<u>\$ 77,468</u>	

Notes:

(a) Adjustment reflects the receipt of previously under-collected exaction fees in FY20.

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Del Mar, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$91,840. We selected \$31,965 (34.81%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

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

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

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

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

- 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.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

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

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

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

- 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 fiscal year.

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

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

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

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

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

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

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

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment,

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

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

Fiscal year 2021 apportionment	\$ 226,858
Less: debt service payment	<u>(59,875)</u>
Net estimated apportionment	166,983
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>50,095</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	3,090
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,090</u>
Fund balance under apportionment	<u>\$ 47,005</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	Total
Congestion Relief	\$3,090	\$(226,555)	\$(223,465)
Maintenance	<u>-</u>	<u>406,241</u>	<u>406,241</u>
Totals	<u>\$3,090</u>	\$ <u>179,686</u>	\$ <u>182,776</u>

- 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 5.83% 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	\$6,328,456	\$(244,058)	\$6,084,398
Maintenance	402,626	399,778	802,404
Interest	<u>8,183</u>	<u>23,966</u>	<u>32,149</u>
Total local street and road revenue	<u>\$6,739,265</u>	<u>\$ 179,686</u>	<u>\$6,918,951</u>
30% of total local street and road revenue			\$ 2,075,685
Less maintenance expenditures incurred to date			<u>(403,270)</u>
Available maintenance funds			\$ <u>1,672,415</u>
Cumulative percentage expended for maintenance			<u>5.83%</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, 2020</u>	<u>Additions</u>	<u>Bond Refunding</u>	<u>Principal Payments</u>	<u>Balance June 30, 2021</u>	<u>Interest Payments</u>
2014 Series A Bonds	\$1,875,000	\$ -	\$1,610,000	\$60,000	\$205,000	\$6,625
2019 Series A Bonds	855,000	-	-	-	855,000	36,718
2021 Series A Bonds	-	-	1,610,000	-	1,610,000	-

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$19,708,653</u>	<u>\$19,092,457</u>	<u>1.03</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

	<u>Street and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Previously approved MOE base	\$602,608	\$27,766	\$630,374
Growth Rate	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$379,643</u>	<u>\$17,493</u>	<u>\$397,136</u>

13. We reviewed the MOE requirement.

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

Results: The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendations section of this report. MOE activity for the year ended June 30, 2021, is summarized as follows:

	<u>Street & Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$345,512	\$56,200	\$401,712
Less MOE base year requirement	<u>(602,608)</u>	<u>(27,766)</u>	<u>(630,374)</u>
Excess (shortfall) MOE for the year ended June 30, 2021	<u>\$(257,096)</u>	<u>\$28,434</u>	<u>\$(228,662)</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 26, 2021.

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

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

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

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

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

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

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2022

CITY OF DEL MAR, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2021

(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	\$ 345,512
Less: MOE Requirement for FY 2021	<u>(602,608)</u>
Shortfall of MOE expenditures	<u>\$(257,096)</u>

TransNet Extension Ordinance Section 8 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 that the City budget and incur adequate discretionary expenditures in order to meet its MOE requirement.

Management Response

Due to the Fiscal Year 2020-21 projected revenue loss of \$3.1 million caused by the Coronavirus pandemic, in June 2020, the City Council had to approve extreme cuts in order to offset the anticipated revenue loss. Among other expenditure cuts, Capital Projects, including street related projects had to be deferred and only essential projects that were legally required and/or critical to public health and safety were included in the updated Fiscal Year 2020-21 budget. Unfortunately, these required cuts led to the City not meeting the MOE requirement for Fiscal Year 2020-21. Although revenues are gradually recovering to pre-pandemic levels, the City will never recover the revenue that was lost since March 2020.

In accordance with Section 8 of the *TransNet* Extension Ordinance, the City of Del Mar has requested that the commission review and approve a request to allow the City to make up the shortfall by June 30, 2024. This request was formally made on March 1, 2022. The request was approved on the following dates:

Independent Taxpayer Oversight Committee March 9, 2022
SANDAG Transportation Committee April 15, 2022
SANDAG Board of Directors April 22, 2022

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

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

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

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

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

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

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

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

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

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

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

SCHEDULE A

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
<i>TransNet Extension:</i>									
Local Street Improvements:									
Congestion Relief:									
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 3,195	\$ -	\$ -	\$ (3,195)	\$ -	\$ -	
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	7,669	15,000	191	(19,770)	-	3,090	(a)
		2014 Series A Bond	-	51,471	-	(51,471)	-	-	
		2019 Series A Bond	-	165	-	(165)	-	-	
		2021 Series A Bond	-	8,239	-	(8,239)	-	-	
		Total Congestion Relief	10,864	74,875	191	(82,840)	-	3,090	
Maintenance:									
DM01	44.6101.5900	Resurfacing and Drainage Project	9,000	-	-	(9,000)	-	-	
		Total Maintenance	9,000	-	-	(9,000)	-	-	
		Total Local Street Improvements	19,864	74,875	191	(91,840)	-	3,090	
		Total <i>TransNet</i> Extension	19,864	74,875	191	(91,840)	-	3,090	
		GASB 31 Market Value Adjustment	-	-	-	-	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 19,864	\$ 74,875	\$ 191	\$ (91,840)	\$ -	\$ 3,090	

Notes:

(a) Available fund for DM06 will be used during FY 2021-22.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (207,845)	\$ -
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	4,235,985	5,669	(4,238,564)	3,090
		2014 Series A Bonds	1,146,464	-	(1,146,464)	-
		2019 Series A Bonds	26,159	-	(26,159)	-
		2021 Series A Bonds	8,239	-	(8,239)	-
		Total Congestion Relief	<u>5,624,233</u>	<u>6,128</u>	<u>(5,627,271)</u>	<u>3,090</u>
Maintenance:						
DM01	44.6101.5900	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>6,026,859</u>	<u>6,772</u>	<u>(6,030,541)</u>	<u>3,090</u>
		Total Cumulative <i>TransNet</i> Extension	<u>6,026,859</u>	<u>6,772</u>	<u>(6,030,541)</u>	<u>3,090</u>
Completed Projects:						
		LSI - Commercial Paper Debt Service	1,082	-	(1,082)	-
		LSI - Congestion Relief	704,223	1,411	(705,634)	-
		Bikes and Pedestrian	812,000	-	(812,000)	-
		Total Completed Projects	<u>1,517,305</u>	<u>1,411</u>	<u>(1,518,716)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 7,544,164</u>	<u>\$ 8,183</u>	<u>\$ (7,549,257)</u>	<u>\$ 3,090</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

SCHEDULE C

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2021	June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021		\$ 2,209	\$ 49	\$ (2,241)	\$ -	\$ -	\$ 17	\$ 17
For Fiscal Year ended June 30, 2015	June 30, 2022		-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023		-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024		-	-	-	-	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025		2,404	25	-	-	-	2,429	2,429
For Fiscal Year ended June 30, 2019	June 30, 2026		2,483	68	-	-	-	2,551	2,551
For Fiscal Year ended June 30, 2020	June 30, 2027		2,533	125	-	-	-	2,658	2,658
For Fiscal Year ended June 30, 2021	June 30, 2028		<u>2,584</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,715</u>	<u>-</u>
Total RTCIP Funds			<u>\$ 12,213</u>	<u>\$ 398</u>	<u>\$ (2,241)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,370</u>	<u>\$ 7,655</u>

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of El Cajon, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,330,702. We selected \$1,036,868 (44.49%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. The City distributes indirect costs in two ways. For operating departments, an allocation for each cost pool is made following a reasonable allocation basis. For irregularly timed or project work, such as CIP projects, indirect costs are applied using Fully Burdened Rates (FBR). FBRs are calculated for each job classification. Since job classifications may exist in many budgetary units, an average of each unit's hourly rate is calculated and used as the FBR for that classification. This average hourly rate is weighted by the portion of full time equivalent (FTE) employees in that unit. FBRs are used to assign indirect costs where they are not allocated. The City's indirect cost rates were last updated on October 19, 2019. The dollar amount of the indirect costs charged to the *TransNet* program was \$57,090, resulting in 2.45% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

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

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

Results: This procedure is not applicable as there were no inactive projects during FY21.

- 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 FY21.

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

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

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

Results: This procedure is not applicable as the City did not have any non-*TransNet* activity during FY21.

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

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

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

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

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

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

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

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

Fiscal year 2021 apportionment	\$2,762,482
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,762,482
30% base	<u> 30%</u>
Fiscal year 2021 30% threshold	<u> 828,745</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	277,550
Maintenance fund balance	<u> (263,885)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 13,665</u>
Fund balance under apportionment	<u>\$ 815,080</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$277,550	\$2,075,108	\$2,352,658
Maintenance	(263,885)	3,477,418	3,213,533
Totals	<u>\$ 13,665</u>	<u>\$5,552,526</u>	<u>\$5,566,191</u>

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

Results: The City has expended 19.79% of cumulative local street and road revenue for maintenance as follows:

	City	SANDAG	Total
Congestion relief	\$19,951,428	\$1,724,053	\$21,675,481
Maintenance	5,963,761	3,338,902	9,302,663
Interest	<u>9,785</u>	<u>489,571</u>	<u>499,356</u>
Total local street and road revenue	<u>\$25,924,974</u>	<u>\$5,552,526</u>	<u>\$31,477,500</u>
30% of total local street and road revenue			\$9,443,250
Less maintenance expenditures incurred to date			<u>(6,230,582)</u>
Available maintenance funds			<u>\$3,212,668</u>
Cumulative percentage expended for maintenance			<u>19.79%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.
- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.
 - i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$83,725,760</u>	<u>\$74,489,689</u>	<u>1.12</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,849,773
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$1,165,357</u>

13. We reviewed the MOE requirement.

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$2,240,385
Less MOE base year requirement	<u>(1,849,773)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 390,612</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City did not collect the correct exaction fee for two permits issued. See Findings and Recommendation section of the report.

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

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

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

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

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

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

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

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 18, 2021.

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

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

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

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

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 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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2022

CITY OF EL CAJON, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2021

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2021, the City did not consistently collect the required exaction fee amount of \$2,583.83. For two permits issued, the exaction fee collected was based upon the FY20 exaction fee amount of \$2,533.15. This resulted in an under-collection of the exaction fee in the amount of \$101.36 as follows:

<u>Account No.</u>	<u>Reference No.</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
5033	5000026524	\$ 2,583.83	\$ 2,533.15	\$ 50.68
5033	5000026524	<u>2,583.83</u>	<u>2,533.15</u>	<u>50.68</u>
Totals		<u>\$ 5,167.66</u>	<u>\$ 5,066.30</u>	<u>\$ 101.36</u>

SANDAG Board recommendations as of February 13, 2019 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 \$2,533.15 to \$2,583.82 beginning July 1, 2020.”

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 \$101.36. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

CITY OF EL CAJON, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2021

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

Management Response

Management agrees with finding and will evaluate additional controls to prevent future occurrence. The City of El Cajon creates a permit at the beginning of the permitting process with the appropriate fees at that time. When the permit is finalized and issued, those fees are updated if necessary. Both occurrences were the result of the permitting process beginning in one fiscal year, not completed until the following year, and fees were not updated to reflect the new year's rates.

To improve preventative controls, the City has reinforced with staff the need to review the correctness of fees before finalizing permits, and is evaluating changes to the permitting process to incorporate systematic steps to ensure correct fee assessment. Additionally, to bolster detective controls, the City is also evaluating the timing of interim reconciliations of RTCIP fees to identify errors quicker and to better facilitate remediation.

During the course of fiscal year 2022, the City will take the necessary actions to collect the billing shortfall or otherwise make the program whole.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
EL06	N/A	Regional Arterial Management Systems	\$ -	\$ 9,700	\$ -	\$ (9,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	9,700	-	(9,700)	-	-	
Congestion Relief:									
EL03	PW3576	Overlay Thoroughfares 2017	(72,690)	-	-	-	72,690	-	(a)(d)
EL03	PW3613/PW50018	Overlay Thoroughfares 2018	616,510	-	-	-	(616,510)	-	(a)(d)
EL03	PW50019	Overlay 2019	(349,655)	428,000	-	(428,482)	350,137	-	(a)(d)
EL03	PW50020	Overlay 2020	(433)	50,000	-	(74,151)	193,683	169,099	(d)
		Total EL03 Projects	193,732	478,000	-	(502,633)	-	169,099	
EL06	PW3617	Washington Ave Complete Streets	6,770	-	-	-	(6,770)	-	(a)(d)
EL06	PW3687	Traffic Signal System Upgrades 2020	3,828	62,000	-	(61,782)	-	4,046	(a)(c)
EL06	PW3688	Jamacha Road Safety Improvements	39,737	31,000	-	(49,382)	-	21,355	
EL06	PW3689	Madison Avenue Safety Improvements	14,798	74,000	-	(90,969)	-	(2,171)	(b)
EL06	PW3690	El Cajon Transit Center Improvements	28,514	-	-	-	-	28,514	
EL06	PW3691	Main/Green Street Gateway Improvements	-	6,000	-	-	-	6,000	
EL06	PW3720	Traffic Signal System Upgrades 2021	-	164,150	-	(162,817)	6,770	8,103	(d)
		Total EL06 Projects	93,647	337,150	-	(364,950)	-	65,847	
EL18	PW3617	Washington Ave Complete Streets	448	-	-	-	(448)	-	(a)(d)
EL18	PW3658	Street Light LED Retrofit Program 2019	(17,910)	-	-	-	448	(17,462)	(b)(d)
EL18	PW3685	Repair and Replacement of Street Light System	724	89,000	-	(88,812)	-	912	(a)(c)
EL18	PW3688	Jamacha Road Safety Improvements	737	30,000	-	(49,382)	-	(18,645)	(b)
EL18	PW3689	Madison Avenue Safety Improvements	798	2,000	-	(904)	-	1,894	
EL18	PW3718	Street Light LED Retrofit Program 2021	-	40,000	-	(128,607)	-	(88,607)	(b)
		Total EL18 Projects	(15,203)	161,000	-	(267,705)	-	(121,908)	
EL29	PW3491	Traffic Safety Calming	30,998	-	-	-	(30,998)	-	(a)(d)
EL29	PW3579	Traffic Safety Calming 2017	13,062	-	-	-	(13,062)	-	(a)(d)
EL29	PW3615	Traffic Safety Calming- ECVHS	55,300	-	-	-	(55,300)	-	(a)(d)
EL29	PW3659	Traffic Safety Calming 2019	53,829	-	-	-	(53,829)	-	(a)(d)
EL29	PW3686	Traffic Safety Calming 2020	-	110,000	-	(105,906)	153,189	157,283	(d)
EL29	PW3719	Traffic Safety Calming 2021	-	5,000	-	(4,620)	-	380	
		Total EL29 Projects	153,189	115,000	-	(110,526)	-	157,663	
		Subtotal Congestion Relief	\$ 425,365	\$ 1,091,150	\$ -	\$ (1,245,814)	\$ -	\$ 270,701	

(Continued)

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Congestion Relief balance carried forward	\$ 425,365	\$ 1,091,150	\$ -	\$ (1,245,814)	\$ -	\$ 270,701	
		Interest Income	6,523	-	326	-	-	6,849	
		Total Congestion Relief	431,888	1,091,150	326	(1,245,814)	-	277,550	
		Maintenance:							
EL11	PW3405	Sidewalk	17,658	-	-	-	(17,658)	-	(a)(d)
EL11	PW3688	Jamacha Road Safety Improvements	1,737	30,000	-	(49,382)	-	(17,645)	(b)
EL11	PW3689	Madison Avenue Safety Improvements	1,798	3,000	-	(75,134)	50,521	(19,815)	(b)(d)
EL11	PW3690	El Cajon Transit Center Improvements	5,447	25,000	-	(27,851)	-	2,596	
EL11	PW3691	Main/Green Street Gateway Improvements	-	5,000	-	-	-	5,000	
EL11	PW52019	Concrete Grind 2019	57,544	-	-	-	(57,544)	-	(a)(d)
EL11	PW52020	Concrete Grind 2020	8,842	-	-	-	-	8,842	(a)(c)
EL11	PW52021	Concrete Grind 2021	-	107,000	-	(98,194)	-	8,806	(a)(c)
EL11	PW53019	ADA Concrete Improvements 2019	(24,681)	-	-	-	24,681	-	(a)(d)
EL11	PW53020	ADA Concrete Improvements 2020	8,338	113,000	-	(123,336)	-	(1,998)	(b)
		Total EL11 Projects	76,683	283,000	-	(373,897)	-	(14,214)	
EL21	PW51020	Slurry 2020	(263,440)	343,000	-	(317,216)	-	(237,656)	(a)(b)
EL21	PW51021	Slurry 2021	-	9,000	-	(23,951)	-	(14,951)	(b)
		Total EL21 Projects	(263,440)	352,000	-	(341,167)	-	(252,607)	
		Interest Income	2,796	-	140	-	-	2,936	
		Total Maintenance	(183,961)	635,000	140	(715,064)	-	(263,885)	
		Total Local Street improvements	247,927	1,735,850	466	(1,970,578)	-	13,665	
		Smart Growth:							
EL33	MG3542	El Cajon Smart Growth	(17,518)	-	-	-	17,518	-	(a)(e)
EL38	MG5463	Active Transportation Plan	(30,413)	-	-	-	30,413	-	(f)
EL40	MG5488	El Cajon Transit Center Community Connection Improvements	(94,728)	250,629	-	(196,049)	-	(40,148)	(b)
EL41	MG5489	Main Street/Green Street Gateway	(73,030)	158,329	-	(164,075)	-	(78,776)	(b)
		Total Smart Growth	(215,689)	408,958	-	(360,124)	47,931	(118,924)	
		Total <i>TransNet</i> Extension	32,238	2,144,808	466	(2,330,702)	47,931	(105,259)	
		GASB 31 Market Value Adjustment	6,637	-	(6,379)	-	-	258	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 38,875	\$ 2,144,808	\$ (5,913)	\$ (2,330,702)	\$ 47,931	\$ (105,001)	

Notes:

- (a) Project Completed.
- (b) City will request funds during FY22.
- (c) Balances will be reallocated with 2022 RTIP amendment.
- (d) Funds reallocated as part of the FY21 RTIP Amendment.
- (e) Adjustment for in-kind contribution that was included as expenditures in previous year.
- (f) Adjustment is for TDA expenditures being reported in PY Schedule A in error.

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 87,300	\$ -	\$ (87,300)	\$ -
		Total Congestion Relief - Pass-Through	<u>87,300</u>	<u>-</u>	<u>(87,300)</u>	<u>-</u>
Congestion Relief:						
EL03	PW3576	Overlay Thoroughfares 2017	1,348,536	-	(1,348,536)	-
EL03	PW3613/PW50018	Overlay Thoroughfares 2018	1,483,490	-	(1,483,490)	-
EL03	PW50019	Overlay 2019	1,153,137	-	(1,153,137)	-
EL03	PW50020	Overlay 2020	243,683	-	(74,584)	169,099
		Total EL03 Projects	<u>4,228,846</u>	<u>-</u>	<u>(4,059,747)</u>	<u>169,099</u>
EL06	PW3617	Washington Ave Complete Streets	8,431	-	(8,431)	-
EL06	PW3660	Traffic Signal System Upgrades 2019	130,169	-	(130,169)	-
EL06	PW3687	Traffic Signal System Upgrades 2020	77,000	-	(72,954)	4,046
EL06	PW3688	Jamacha Road Safety Improvements	71,000	-	(49,645)	21,355
EL06	PW3689	Madison Avenue Safety Improvements	89,000	-	(91,171)	(2,171)
EL06	PW3690	El Cajon Transit Center Improvements	28,514	-	-	28,514
EL06	PW3691	Main/Green Street Gateway Improvements	6,000	-	-	6,000
EL06	PW3720	Traffic Signal System Upgrades 2021	170,920	-	(162,817)	8,103
		Total EL06 Projects	<u>581,034</u>	<u>-</u>	<u>(515,187)</u>	<u>65,847</u>
EL18	PW3617	Washington Ave Complete Streets	47,322	-	(47,322)	-
EL18	PW3685	Repair and Replacement of Street Light System	186,000	-	(185,088)	912
EL18	PW3688	Jamacha Road Safety Improvements	31,000	-	(49,645)	(18,645)
EL18	PW3689	Madison Avenue Safety Improvements	3,000	-	(1,106)	1,894
EL18	PW3658	Street Light LED Retrofit Program 2019	138,873	-	(156,335)	(17,462)
EL18	PW3718	Street Light LED Retrofit Program 2021	40,000	-	(128,607)	(88,607)
		Total EL18 Projects	<u>446,195</u>	<u>-</u>	<u>(568,103)</u>	<u>(121,908)</u>
EL29	PW3491	Traffic Safety Calming	148,777	-	(148,777)	-
EL29	PW3579	Traffic Safety Calming 2017	31,938	-	(31,938)	-
EL29	PW3615	Traffic Safety Calming- ECVHS	160,000	-	(160,000)	-
EL29	PW3659	Traffic Safety Calming 2019	44,171	-	(44,171)	157,283
EL29	PW3686	Traffic Safety Calming 2020	263,189	-	(105,906)	380
EL29	PW3719	Traffic Safety Calming 2021	5,000	-	(4,620)	-
		Total EL29 Projects	<u>653,075</u>	<u>-</u>	<u>(495,412)</u>	<u>157,663</u>
		Subtotal Congestion Relief	<u>\$ 5,909,150</u>	<u>\$ -</u>	<u>\$ (5,638,449)</u>	<u>\$ 270,701</u>

(Continued)

SCHEDULE B

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Congestion Relief balance carried forward	\$ 5,909,150	\$ -	\$ (5,638,449)	\$ 270,701
		Interest Income	-	6,849	-	6,849
		Total Congestion Relief	5,909,150	6,849	(5,638,449)	277,550
		Maintenance:				
EL11	PW3405	Sidewalk	333,298	-	(333,298)	-
EL11	PW3688	Jamacha Road Safety Improvements	32,000	-	(49,645)	(17,645)
EL11	PW3689	Madison Avenue Safety Improvements	55,521	-	(75,336)	(19,815)
EL11	PW3690	El Cajon Transit Center Improvements	45,000	-	(42,404)	2,596
EL11	PW3691	Main/Green Street Gateway Improvements	5,000	-	-	5,000
EL11	PW52019	Concrete Gring 2019	72,456	-	(72,456)	-
EL11	PW52020	Concrete Gring 2020	100,000	-	(91,158)	8,842
EL11	PW52021	Concrete Grind 2021	107,000	-	(98,194)	8,806
EL11	PW53019	ADA Concrete Improvements 2019	145,352	-	(145,352)	-
EL11	PW53020	ADA Concrete Improvements 2020	124,000	-	(125,998)	(1,998)
		Total EL11 Projects	1,019,627	-	(1,033,841)	(14,214)
EL21	PW3617	Washington Ave Complete Streets	130,224	-	(130,224)	-
EL21	PW3622	Street Resurfacing/Preservation 2018	340,703	-	(340,703)	-
EL21	PW51019	Slurry 2019	235,698	-	(235,698)	-
EL21	PW51020	Slurry 2020	485,018	-	(722,674)	(237,656)
EL21	PW51021	Slurry 2021	9,000	-	(23,951)	(14,951)
		Total EL21 Projects	1,200,643	-	(1,453,250)	(252,607)
		Interest Income	-	2,936	-	2,936
		Total Maintenance	2,220,270	2,936	(2,487,091)	(263,885)
		Total Local Street Improvements	8,216,720	9,785	(8,212,840)	13,665
		Smart Growth:				
EL33	MG3542	El Cajon Smart Growth	164,358	-	(164,358)	-
EL33	MG5463	Active Transportation Plan	30,413	-	(30,413)	-
EL33	MG5488	El Cajon Transit Center Community Connection Improvements	250,629	-	(290,777)	(40,148)
EL33	MG5489	Main Street/Green Street Gateway	158,329	-	(237,105)	(78,776)
		Total Smart Growth	603,729	-	(722,653)	(118,924)
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 8,820,449	\$ 9,785	\$ (8,935,493)	\$ (105,259)

(Continued)

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Cumulative <i>TransNet</i> Extension balance carried forward	\$ 8,820,449	\$ 9,785	\$ (8,935,493)	\$ (105,259)
		Completed Projects:				
		Congestion Relief	13,954,978	-	(13,954,978)	-
		Maintenance	3,743,491	-	(3,743,491)	-
		Smarth Growth	<u>342,855</u>	<u>-</u>	<u>(342,855)</u>	<u>-</u>
		Total Completed Projects	<u>18,041,324</u>	<u>-</u>	<u>(18,041,324)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 26,861,773</u>	<u>\$ 9,785</u>	<u>\$ (26,976,817)</u>	<u>\$ (105,259)</u>

CITY OF EL CAJON CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2021	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	EL21	\$ 50,807	\$ (432)	\$ (50,375)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	EL21	132,986	442	(133,428)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	EL21	13,860	991	(14,851)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	EL21	260,933	-	(260,933)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	EL21	50,449	-	(50,449)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	EL21	302,985	-	(4,614)	-	298,371	298,371	
For Fiscal Year ended June 30, 2020	June 30, 2027	EL21	298,912	-	-	-	298,912	298,912	
For Fiscal Year ended June 30, 2021	June 30, 2028	EL21	79,997	-	-	-	79,997	-	
Interest Income			-	40,329	-	-	-	40,329	28,374
Total RTCIP Funds			\$ 1,190,929	\$ 41,330	\$ (514,650)	\$ -	\$ -	\$ 717,609	\$ 625,657

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Encinitas, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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. As such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether 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 reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,514,105. We selected \$1,021,757 (29.08%) 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 reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

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

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

Results: This procedure is not applicable as payroll expenditures were not allocated to projects on the RTIP for the fiscal year ended June 30, 2021.

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

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

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

Results: This procedure is not applicable as there were no amounts reflected in the adjustments column which required a footnote.

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

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

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

Results: This procedure is not applicable as there were no completed projects which ended with a positive balance.

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2021.

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

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

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

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

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

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

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

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

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

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

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

Fiscal year 2021 apportionment	\$1,871,847
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,871,847
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>561,554</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(362,369)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(362,369)</u>
Fund balance under apportionment	<u>\$ 923,923</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(362,369)	\$(3,761,982)	\$(4,124,351)
Maintenance	<u>-</u>	<u>5,851,688</u>	<u>5,851,688</u>
Totals	<u>\$(362,369)</u>	<u>\$2,089,706</u>	<u>\$1,727,337</u>

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

Results: The City has expended 4.62% 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	\$20,908,038	\$(4,208,895)	\$16,699,143
Maintenance	1,117,046	5,678,396	6,795,442
Interest	<u>48,005</u>	<u>620,205</u>	<u>668,210</u>
Total local street and road revenue	<u>\$22,073,089</u>	<u>\$2,089,706</u>	<u>\$24,162,795</u>
30% of total local street and road revenue			\$ 7,228,839
Less maintenance expenditures incurred to date			<u>(1,117,046)</u>
Available maintenance funds			<u>\$ 6,131,793</u>
Cumulative percentage expended for maintenance			<u>4.62%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$83,327,537</u>	<u>\$73,848,258</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>
Previously approved MOE base	\$2,279,925	\$63
Growth Rate	<u>0.63</u>	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$1,436,353</u>	<u>\$40</u>

13. We reviewed the MOE requirement.

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

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

Results: The City was in compliance with the MOE requirement. The city did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$10,715,367	\$100	\$10,715,467
Less MOE base year requirement	<u>(2,279,925)</u>	<u>(63)</u>	<u>(2,279,988)</u>
Excess MOE for the year ended June 30, 2021	<u>\$8,435,442</u>	<u>\$37</u>	<u>\$8,435,479</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

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

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

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

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

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

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

Results: This procedure is not applicable as exaction fees were expended within seven years of collection.

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

Results: The City recorded total RTCIP expenditures in the amount of \$376,718. We selected \$376,000 (99.81%) for testing. No exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for fiscal year ending June 30, 2021.

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

Results: This procedure is not applicable as payroll expenditures were not allocated to RTCIP projects for the fiscal year ended June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 14, 2021.

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

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

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

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

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE A

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</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	CS19A	FY 18/19 Annual Street Overlay	(81,385)	120,024	77	(10)	(38,706)	-	(a)
ENC14A	CS20A	FY 19/20 Annual Street Overlay	(24,967)	1,426,934	2,458	(1,484,168)	38,706	(41,037)	(b)
ENC14A	CS21A	FY 20/21 Annual Street Overlay	-	4,292	7	(210,479)	-	(206,180)	(b)
		Total ENC14A Projects	(106,352)	1,551,250	2,542	(1,694,657)	-	(247,217)	
ENC17	CS18G	B Street Sidewalk Project	(1,651)	14,638	-	(12,988)	-	-	
ENC20	CS04D	No. Coast Hwy 101 Streetscape	(889,938)	2,569,611	4,235	(1,799,060)	-	(115,152)	(b)
		Total Congestion Relief	(997,941)	4,135,499	6,777	(3,506,705)	-	(362,369)	
		Total Local Street Improvements	(997,941)	4,135,499	6,777	(3,506,705)	-	(362,369)	
		Total <i>TransNet</i> Extension	\$ (997,941)	\$ 4,142,899	\$ 6,778	\$ (3,514,105)	\$ -	\$ (362,369)	

Notes:

- (a) Project Complete.
- (b) Funding will be requested in FY22 to remove the deficit.

SCHEDULE B

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 66,600	\$ -	\$ (66,600)	\$ -
		Total Congestion Relief - Pass-Through	<u>66,600</u>	<u>-</u>	<u>(66,600)</u>	<u>-</u>
Congestion Relief:						
ENC14A	CS19A	FY 18/19 Annual Street Overlay	1,430,220	4,874	(1,435,095)	-
ENC14A	CS20A	FY 19/20 Annual Street Overlay	1,649,956	2,756	(1,693,750)	(41,037)
ENC14A	CS21A	FY 20/21 Annual Street Overlay	<u>4,292</u>	<u>7</u>	<u>(210,479)</u>	<u>(206,180)</u>
		Total ENC14A Projects	<u>3,084,468</u>	<u>7,637</u>	<u>(3,339,324)</u>	<u>(247,217)</u>
ENC17	CS18G	B Street Sidewalk Project	<u>252,301</u>	<u>883</u>	<u>(253,184)</u>	<u>-</u>
ENC20	CS04D	No. Coast Hwy 101 Streetscape	<u>5,875,072</u>	<u>24,958</u>	<u>(6,015,183)</u>	<u>(115,152)</u>
		Total Congestion Relief	<u>9,211,841</u>	<u>33,478</u>	<u>(9,607,688)</u>	<u>(362,369)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>9,278,441</u>	<u>33,478</u>	<u>(9,674,288)</u>	<u>(362,369)</u>
Completed Projects:						
		LSI - Congestion Relief	\$ 11,629,597	\$ 14,527	\$ (11,644,124)	\$ -
		LSI - Maintenance	1,117,046	-	(1,117,046)	-
		Environmental Mitigation Grant	<u>52,744</u>	<u>-</u>	<u>(52,744)</u>	<u>-</u>
		Total Completed Projects	<u>12,799,387</u>	<u>14,527</u>	<u>(12,813,914)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 22,077,828</u>	<u>\$ 48,005</u>	<u>\$ (22,488,202)</u>	<u>\$ (362,369)</u>

SCHEDULE C

CITY OF ENCINITAS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	ENC46	\$ 176,720	\$ 1,095	\$ (177,815)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	ENC46	207,323	891	(208,214)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	ENC46	242,595	-	(242,595)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	ENC46	94,233	-	(94,233)	-	-	39,234	
For Fiscal Year ended June 30, 2018	June 30, 2025		125,062	-	(125,062)	-	-	125,062	
For Fiscal Year ended June 30, 2019	June 30, 2026		151,651	-	(151,651)	-	-	151,651	
For Fiscal Year ended June 30, 2020	June 30, 2027		157,055	-	(60,771)	-	96,284	157,055	
For Fiscal Year ended June 30, 2021	June 30, 2028		98,317	-	-	-	98,317	-	
Interest Income			-	102,836	-	-	-	102,836	98,934
Total RTCIP Funds			\$ 1,252,956	\$ 104,822	\$ (1,060,341)	\$ -	\$ -	\$ 297,437	\$ 571,936

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Escondido, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether 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 reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,347,417. We selected \$815,693 (34.75%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above), and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total expenditures in FY21.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet*

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

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. 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 160% that was determined by a consultant. The City allocated a total of \$126,679 of indirect costs in the RTIP, resulting in 5.40% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan was last updated in June 2020. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

Results: 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, 2022.

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

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

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

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

Results: SANDAG approved the reason for the inactivity on February 3, 2022.

- 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 during FY21.

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

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

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

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

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

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

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

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

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

Fiscal year 2021 apportionment	\$4,170,625
Less: debt service payment	<u>-</u>
Net estimated apportionment	4,170,625
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>1,251,187</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	174,798
Maintenance fund balance	<u>626,167</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>800,965</u>
Fund balance under apportionment	<u>\$ 450,222</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021, are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$174,798	\$10,145,806	\$10,320,604
Maintenance	<u>626,167</u>	<u>770,591</u>	<u>1,396,758</u>
Totals	<u>\$800,965</u>	<u>\$10,916,397</u>	<u>\$11,717,362</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 26.09% of cumulative local street and road revenue for maintenance as indicated as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$27,191,697	\$ 9,081,502	\$36,273,199
Maintenance	14,298,711	306,778	14,605,489
Interest	<u>35,762</u>	<u>1,528,117</u>	<u>1,563,879</u>
 Total local street and road revenue	 <u>\$41,526,170</u>	 <u>\$10,916,397</u>	 <u>\$52,442,567</u>
 30% of total local street and road revenue			 \$ 15,732,770
Less maintenance expenditures incurred to date			<u>(13,683,101)</u>
 Available maintenance funds			 <u>\$ 2,049,669</u>
 Cumulative percentage expended for maintenance			 <u>26.09%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$121,474,876</u>	<u>\$98,173,842</u>	<u>1.24</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$3,352,190
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$2,111,880</u>

13. We reviewed the MOE requirement.

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

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$6,744,497
Less MOE base year requirement	<u>(3,352,190)</u>
Excess MOE for the year ended June 30, 2021	<u>\$3,392,307</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding and Recommendation section of this report.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

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

Results: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.
- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$181,226. We selected \$174,300 (96.18%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the

TransNet Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

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

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

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 27, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative

costs included in Local Street Improvements were no more than 1% of the annual apportionment.

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

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

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

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 Finding 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 the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2022

CITY OF ESCONDIDO

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

Finding and Recommendation

Year Ended June 30, 2021

(1) Need to Use Approved Exaction Fee

Per review of the City’s exaction fee collections for the year ended June 30, 2021, the City did not consistently collect the required exaction fee amount of \$2,583.82. For 339 permits issued, the exaction fee collected was based upon the FY20 exaction fee amount of \$2,533.15. This resulted in an under-collection of the exaction fee in the amount of \$13,227.13 as follows:

<u>Owner</u>	<u>Amount Charged</u>	<u>Amount Required</u>	<u>Variance</u>
Escondido Venture 99 LLC	\$ 35,464.10	\$ 36,173.48	\$ 709.38
Eva Morrison	2,583.15	2,583.82	0.67
Henry Ranch Escondido	116,524.90	118,855.72	2,330.82
KB Home Coastal Inc	30,997.80	31,005.84	8.04
Lennar Homes	116,524.90	118,855.72	2,330.82
Lennar Home of CA Inc	415,053.45	421,162.66	6,109.21
New Pointe Communities	28,414.65	28,422.02	7.37
New Pointe Investments	2,583.15	2,583.82	0.67
Stuck in the Rough	53,196.15	54,260.22	1,064.07
TH Avocado Ranch LLC	58,812.45	59,427.86	615.41
Ripperda Urizar	<u>2,533.15</u>	<u>2,583.82</u>	<u>50.67</u>
Totals	<u>\$862,687.85</u>	<u>\$875,914.98</u>	<u>\$13,227.13</u>

SANDAG Board recommendations as of February 28, 2020 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 \$2,533.15 to \$2,583.82 beginning July 1, 2020.”

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...”

CITY OF ESCONDIDO

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

Finding and Recommendation

Year Ended June 30, 2021

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

Recommendation

We recommend that the City recover the under-collection of exaction fees in the amount of \$13,227.13. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

Management Response

The City's new computer system erroneously charged applicants a previous RTCIP fee during FY21. The City is working with their Building Department to collect the differences in RTCIP fees from those applicants. The City noted as of June 2021 the software has been updated to collect the correct exaction fee.

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ 12,309	\$ -	\$ -	\$ 462	\$ -	\$ 12,771	(a)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	(44,853)	538,000	-	(528,519)	-	(35,372)	(b)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	(283,826)	590,000	-	(298,428)	-	7,746	
ESC08	690309	Felicita Ave/Juniper Street	-	42,000	-	(64,083)	-	(22,083)	(b)
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,580	-	-	-	-	5,580	(c)
ESC47	699901	Quince/Tulip Pedestrian Signal	3,721	-	-	(15,466)	-	(11,745)	(b)
ESC48	699902	Grand Ave Streetscape Improvements	(31,226)	164,500	-	(117,156)	-	16,118	
		Subtotal Congestion Relief	(338,295)	1,334,500	-	(1,023,190)	-	(26,985)	
ESC38	694801	Pavement Rehabilitation FY 18	153,397	-	-	(37,895)	-	115,502	
ESC38	694901	Pavement Rehabilitation FY 19	36,394	-	-	(29,323)	-	7,071	
ESC38	694001	Pavement Rehabilitation FY 20	(1,069,906)	1,069,906	-	-	-	-	(d)
ESC38	694102	Pavement Rehabilitation FY 21	-	140,094	-	(75,255)	-	64,839	
		Total ESC38 Project	(880,115)	1,210,000	-	(142,473)	-	187,412	
ESC39	691402	Traffic Signals & Intersections FY 14	3,148	-	-	(3,148)	-	-	(d)
ESC39	691801	Traffic Signals FY 18	3,246	-	-	(3,246)	-	-	(d)
ESC39	691901	Traffic Signals FY 19	24,796	-	-	(6,137)	-	18,659	
ESC39	691001	Traffic Signals FY 20	-	-	-	(7,920)	-	(7,920)	(b)
		Total ESC39 Project	31,190	-	-	(20,451)	-	10,739	
		Interest Income	857	-	2,775	-	-	3,632	
		Total Congestion Relief	\$ (1,186,363)	\$ 2,544,500	\$ 2,775	\$ (1,186,114)	\$ -	\$ 174,798	

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
Maintenance:									
ESC37	697901	Pavement Maintenance FY 19	\$ (792,593)	\$ 1,425,000	\$ -	\$ (309,222)	\$ (248,243)	\$ 74,942	
ESC37	687001	Pavement Maintenance FY 20	(325,098)	705,000	-	(276,488)	248,243	351,657	
ESC37	687101	Pavement Maintenance FY 21	-	355,000	-	(156,988)	-	198,012	
		Total ESC37 Project	<u>(1,117,691)</u>	<u>2,485,000</u>	<u>-</u>	<u>(742,698)</u>	<u>-</u>	<u>624,611</u>	
		Total ESC37 Project	<u>(1,117,691)</u>	<u>2,485,000</u>	<u>-</u>	<u>(742,698)</u>	<u>-</u>	<u>624,611</u>	
		Interest Income	<u>367</u>	<u>-</u>	<u>1,189</u>	<u>-</u>	<u>-</u>	<u>1,556</u>	
		Total Maintenance	<u>(1,117,324)</u>	<u>2,485,000</u>	<u>1,189</u>	<u>(742,698)</u>	<u>-</u>	<u>626,167</u>	
		Total Local Street Improvements	<u>(2,303,687)</u>	<u>5,029,500</u>	<u>3,964</u>	<u>(1,928,812)</u>	<u>-</u>	<u>800,965</u>	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(97,077)	349,066	-	(258,600)	-	(6,611)	(e)
ESC48	699902	Grand Ave Streetscape Improvements	(76,052)	151,967	-	(160,005)	-	(84,090)	(e)
		Total Smart Growth	<u>(173,129)</u>	<u>501,033</u>	<u>-</u>	<u>(418,605)</u>	<u>-</u>	<u>(90,701)</u>	
		Total <i>TransNet</i> Extension	<u>\$ (2,476,816)</u>	<u>\$ 5,530,533</u>	<u>\$ 3,964</u>	<u>\$ (2,347,417)</u>	<u>\$ -</u>	<u>\$ 710,264</u>	

Notes:

- (a) Received a refund in the amount of \$462 from State of California Water Resources due to a revision on invoice #SW0157 FY18.
- (b) More project expenditures incurred in June 2021 than anticipated, drawdowns were requested in FY 2022 for ESC04, ESC08, ESC47, and ESC39.
- (c) Project is on hold due to pending development and evaluation is expected to occur in FY2023.
- (d) Project is complete.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 5,160,417	\$ 8,686	\$ (5,156,332)	\$ 12,771
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	2,140,637	321	(2,176,330)	(35,372)
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	2,698,084	-	(2,690,338)	7,746
ESC08	690309	Felicita Ave/Juniper Street	42,000	-	(64,083)	(22,083)
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,420)	5,580
ESC47	699901	Quince/Tulip Pedestrian Signal	5,000	-	(16,745)	(11,745)
ESC48	699902	Grand Ave Streetscape Improvements	199,500	-	(183,382)	16,118
		Subtotal Congestion Relief	10,355,638	9,007	(10,391,630)	(26,985)
ESC38	694801	Pavement Rehabilitation FY 18	2,709,453	-	(2,593,951)	115,502
ESC38	694901	Pavement Rehabilitation FY 19	684,873	-	(677,802)	7,071
ESC38	694001	Pavement Rehabilitation FY 20	1,129,906	4,949	(1,134,855)	-
ESC38	694102	Pavement Rehabilitation FY 21	140,094	-	(75,255)	64,839
		Total ESC38 Project	4,664,326	4,949	(4,481,863)	187,412
ESC39	691402	Traffic Signals & Intersections FY 14	150,000	-	(150,000)	-
ESC39	691801	Traffic Signals FY 18	50,000	-	(50,000)	-
ESC39	691901	Traffic Signals FY 19	120,000	-	(101,341)	18,659
ESC39	691001	Traffic Signals FY 20	-	-	(7,920)	(7,920)
		Total ESC39 Project	320,000	-	(309,261)	10,739
		Interest Income	-	3,632	-	3,632
		Total Congestion Relief	15,339,964	17,588	(15,182,754)	174,798

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
Maintenance:						
ESC37	697901	Pavement Maintenance FY19	\$ 1,676,757	\$ -	\$ (1,601,815)	\$ 74,942
ESC37	687001	Pavement Maintenance FY20	953,243	2,121	(603,707)	351,657
ESC37	687101	Pavement Maintenance FY21	355,000	-	(156,988)	198,012
Total ESC37 Project			<u>2,985,000</u>	<u>2,121</u>	<u>(2,362,510)</u>	<u>624,611</u>
Interest Income			<u>-</u>	<u>1,556</u>	<u>-</u>	<u>1,556</u>
Total Maintenance			<u>2,985,000</u>	<u>3,677</u>	<u>(2,362,510)</u>	<u>626,167</u>
Total Local Street Improvements			<u>18,324,964</u>	<u>21,265</u>	<u>(17,545,264)</u>	<u>800,965</u>
Smart Growth:						
ESC44	699601	Transit Center Active Transportation Connections	1,165,172	-	(1,171,783)	(6,611)
ESC48	699902	Grand Ave Streetscape Improvements	166,363	-	(250,453)	(84,090)
Total Smart Growth			<u>1,331,535</u>	<u>-</u>	<u>(1,422,236)</u>	<u>(90,701)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>19,656,499</u>	<u>21,265</u>	<u>(18,967,500)</u>	<u>710,264</u>
Completed Projects:						
Congestion Relief			11,507,647	7,617	(11,515,264)	-
Congestion Relief Pass-Through			344,086	-	(344,086)	-
Maintenance			11,313,711	6,880	(11,320,591)	-
Bikes and Pedestrian			2,253,049	4,479	(2,257,528)	-
Total Completed Projects			<u>25,418,493</u>	<u>18,976</u>	<u>(25,437,469)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 45,074,992</u>	<u>\$ 40,241</u>	<u>\$ (44,404,969)</u>	<u>\$ 710,264</u>

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	ESC04	\$ 187,765	\$ 6,012	\$ (193,777)	\$ -	\$ -	\$ 18,469	
For Fiscal Year ended June 30, 2015	June 30, 2022	ESC04	200,779	1,423	(162,757)	-	-	202,202	
For Fiscal Year ended June 30, 2016	June 30, 2023	ESC04	267,312	-	-	-	-	267,312	
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	-	-	-	-	-	
Interest Income			-	161,883	-	-	-	150,431	
Total RTCIP Funds			\$ 3,081,145	\$ 169,318	\$ (356,534)	\$ -	\$ -	\$ 2,893,929	

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of Imperial Beach, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,217,109 excluding the Non-*TransNet* expenditures. We selected \$509,162 (41.83%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet*

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

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP during FY21.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment,

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

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

Fiscal year 2021 apportionment	\$ 792,505
Less: debt service payment	<u>(286,605)</u>
Net estimated apportionment	505,900
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>151,770</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(248,182)
Maintenance fund balance	<u>24,748</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(223,434)</u>
Fund balance under apportionment	<u>\$ 375,204</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(248,182)	\$ 72,224	\$(175,958)
Maintenance	<u>24,748</u>	<u>102,243</u>	<u>126,991</u>
Totals	<u>\$(223,434)</u>	<u>\$174,467</u>	<u>\$(48,967)</u>

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

Results: The City has expended 23.42% 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	\$ 8,285,500	\$ 33,196	\$ 8,318,696
Maintenance	2,630,050	86,869	2,716,919
Interest	<u>40,052</u>	<u>54,402</u>	<u>94,454</u>
Total local street and road revenue	<u>\$10,955,602</u>	<u>\$174,467</u>	<u>\$11,130,069</u>
30% of total local street and road revenue			\$ 3,339,021
Less maintenance expenditures incurred to date			<u>(2,607,004)</u>
Available maintenance funds			<u>\$ 732,017</u>
Cumulative percentage expended for maintenance			<u>23.42%</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, 2020</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Principal</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper Debt Services	\$1,023,814	\$352,000	\$280,524	\$ -	\$1,095,290	\$6,081

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$23,021,407</u>	<u>\$18,750,147</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$233,219
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$146,928</u>

13. We reviewed the MOE requirement.

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

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$541,830
Less MOE base year requirement	<u>233,219</u>
Excess MOE for the year ended June 30, 2021	<u>\$308,611</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.
Results: No exceptions were noted as a result of our procedures.
- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.
Results: No exceptions were noted as a result of our procedures.
- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.
Results: No exceptions were noted as a result of our procedures.
- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.
Results: No exceptions were noted as a result of our procedures.
- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.
Results: The City recorded total RCTIP expenditures in the amount of \$80,285. We selected \$10,760 (13.40%) for testing. No exceptions were noted as a result of our procedures.
- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for fiscal year ending June 30, 2021.
- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the

TransNet Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

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

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

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

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

Results: We noted that the City did not allocate any interest for RCTIP in FY21 because RCTIP and *TransNet* funds are comingled within a City fund and the fund did not maintain a positive cash balance during the year. The City does not have a method for allocating interest to RCTIP separately. We recommend the City calculates the allocation separately for RTCIP in the future or create a separate fund for RTCIP if they are unable to calculate interest for it separately.

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 4, 2021.

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

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

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

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

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: There were no findings noted during FY21. However, we recommended the City account for RTCIP in a separate fund to ensure unspent funds are allocated interest.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

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

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

"TransNet Extension Ordinance" means the 2004 Proposition A.

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

SCHEDULE A

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		TransNet Extension:							
		Local Street Improvements:							
		Congestion Relief:							
IB12	S18101/S20102/S20108/ S21101/S20112	Major Street Improvements	\$ (202,202)	\$ 405,000	\$ 4,371	\$ (546,969)	\$ 91,627	\$ (248,173)	(a)(b)
IB18	S19105	Imperial Beach Blvd. Safe Routes to School	(28,401)	197,000	-	(81,658)	(86,950)	(9)	(b)(c)
IB21	S20112	SR-75 Signal Interconnection Project	-	155,000	-	(155,000)	-	-	
		Commercial Paper Debt Service	-	286,605	-	(286,605)	-	-	
		Total Congestion Relief	(230,603)	1,043,605	4,371	(1,070,232)	4,677	(248,182)	
		Maintenance:							
IB02	N/A	Street Maintenance - Operations	(75,375)	229,623	-	(129,500)	-	24,748	
IB02	S20107	Residential City Wide Street Lighting Infill	-	17,377	-	(17,377)	-	-	
		Total IB02 Projects	(75,375)	247,000	-	(146,877)	-	24,748	
		Total Maintenance	(75,375)	247,000	-	(146,877)	-	24,748	
		Total Local Street Improvements	(305,978)	1,290,605	4,371	(1,217,109)	4,677	(223,434)	
		Active Transport Grants							
IB19	SP1907	Active Transportation - Bike/Ped	(47,409)	42,409	-	-	5,000	-	(d)(e)
		Total Active Transport Grants	(47,409)	42,409	-	-	5,000	-	
		Total <i>TransNet</i> Extension	(353,387)	1,333,014	4,371	(1,217,109)	9,677	(223,434)	
		GASB 31 Market Value Adjustment	5,966	-	(3,244)	-	-	2,722	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (347,421)	\$ 1,333,014	\$ 1,127	\$ (1,217,109)	\$ 9,677	\$ (220,712)	

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (continued)
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
		Balance carried forward - Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (347,421)	\$ 1,333,014	\$ 1,127	\$ (1,217,109)	\$ 9,677	\$ (220,712)	
		Non-TransNet :							
IB18	SP1815	Imperial Beach Blvd. Safe Routes to School	-	180,370	-	(180,370)	-	-	(d)
		Total Non- <i>TransNet</i>	-	180,370	-	(180,370)	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ (347,421)	\$ 1,513,384	\$ 1,127	\$ (1,397,479)	\$ 9,677	\$ (220,712)	

Notes:

- (a) The City will request drawdown in FY22 to address the deficit.
- (b) The adjustment of \$91,627 consists of prior years' expenditures of \$86,950 previously reported as IB12 Major Street Improvements but in fact part of IB18 Imperial Beach Blvd, Safe Routes to School, funded by commercial paper. The remaining \$4,677 represents prior year's RTCIP funded project which is now presented on Schedule C.
- (c) City plans to true-up the final expenditures and transfer funds from another source in the excess of \$9 in FY22.
- (d) Project complete.
- (e) City plans to true-up the final expenditures and transfer funds from another source in the excess of \$5,000 in FY22.

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
		TransNet Extension:				
		Local Street Improvements:				
		Congestion Relief:				
IB12	S18101/S20102/S20108/S21101/S20112	Major Street Improvements	\$ 6,460,203	\$ 38,350	\$ (6,746,726)	\$ (248,173)
IB18	S19105	Imperial Beach Blvd. Safe Routes to School	1,300,000	-	(1,300,009)	(9)
IB21	S20112	SR-75 Signal Interconnection Project	155,000	-	(155,000)	-
		Commercial Paper Debt Services	370,297	-	(370,297)	-
		Total Congestion Relief	8,285,500	38,350	(8,572,032)	(248,182)
		Maintenance:				
IB02	N/A	Street Maintenance - Operations	2,612,673	1,702	(2,589,627)	24,748
IB02	S20107	Residential City Wide Street Lighting Infill	17,377	-	(17,377)	-
		Total IB02 Projects	2,630,050	1,702	(2,607,004)	24,748
		Total Maintenance	2,630,050	1,702	(2,607,004)	24,748
		Total Local Street Improvements	10,915,550	40,052	(11,179,036)	(223,434)
		Active Transport Grants:				
IB19	SP1815	Active Transportation - Bike/Ped	50,000	-	(50,000)	-
		Total Active Transport Grants	50,000	-	(50,000)	-
		Completed Projects:				
		Smart Growth Grant	795,281	-	(795,281)	-
		Bicycles and Pedestrian	1,800,000	-	(1,800,000)	-
		Total Completed Projects	2,595,281	-	(2,595,281)	-
		Total Cumulative TransNet Extension	\$ 13,560,831	\$ 40,052	\$ (13,824,317)	\$ (223,434)

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2021	June 30, 2021	June 30, 2020	
For Fiscal Year ended June 30, 2014	June 30, 2021	IB11	\$ 22,090	\$ 462	\$ (22,552)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	IB11	42,832	645	(43,477)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	IB11	48,510	386	(48,896)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	IB11	197,988	-	(197,988)	-	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	IB11	352,277	-	(228,385)	(4,677)	-	119,215	204,177	(a)
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		25,838	-	-	-	-	25,838	-	
Interest Income			-	10,905	-	-	-	10,905	11,980	
Total RTCIP Funds			\$ 789,041	\$ 12,398	\$ (541,298)	\$ (4,677)	\$ -	\$ 255,464	\$ 315,664	

Notes:

(a) The adjustment represents a prior years' RTCIP funded project which was initially presented on Schedule A as part of IB12 Major Street Improvements.

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have performed the procedures enumerated below in reviewing the City of La Mesa, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

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

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

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

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

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

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

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

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

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

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

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

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as the City did not have interest income reported on Schedule A.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$1,310,388. We selected \$853,175 (65.11%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY21.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments noted within Schedule A.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as the identified inactive project has been closed.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments noted within Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not

more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$1,752,083
Less: debt service payment	<u>(507,625)</u>
Net estimated apportionment	1,244,458
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>373,337</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(373,787)
Maintenance fund balance	<u>(299,808)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(673,595)</u>
Fund balance under apportionment	<u>\$1,046,932</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(373,787)	\$(433,961)	\$(807,748)
Maintenance	<u>(299,808)</u>	<u>2,387,881</u>	<u>2,088,073</u>
Totals	<u>\$(673,595)</u>	<u>\$1,953,920</u>	<u>\$1,280,325</u>

- 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 17.38% 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	\$20,481,88	\$(693,258)	\$19,788,630
Maintenance	4,355,615	2,276,165	6,631,780
Interest	<u>700</u>	<u>371,013</u>	<u>371,713</u>
Total local street and road revenue	<u>\$24,838,203</u>	<u>\$1,953,920</u>	<u>\$26,792,123</u>
30% of total local street and road revenue			\$8,037,637
Less maintenance expenditures incurred to date			<u>(4,655,615)</u>
Available maintenance funds			<u>\$3,382,022</u>
Cumulative percentage expended for maintenance			<u>17.38%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2021</u>	<u>Allocation of CP Expenses</u>
Commercial Paper	<u>\$1,499,996</u>	<u>\$ -</u>	<u>\$(500,004)</u>	<u>\$999,992</u>	<u>\$(7,621)</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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.

ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$55,621,249</u>	<u>\$46,583,204</u>	<u>1.19</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,023,372
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$1,274,724</u>

13. We reviewed the MOE requirement.

a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.

b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$3,884,533
Less MOE base year requirement	<u>(2,023,372)</u>
Excess MOE for the year ended June 30, 2021	<u>\$1,861,161</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$464,587. We selected \$53,134 (11.44%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY21.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 2, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF LA MESA, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
LAM46	n/a	Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
LAM17	302120TR	Street Reconstruction 12	2,928	-	-	-	-	2,928	(a)
LAM34	302212TR	Street Lights/ OH Utilities 21	-	3,602	-	(3,602)	-	-	
LAM37	302171TR	Traffic Signal Upgrades 17	-	6,137	-	(6,137)	-	-	(b)
LAM37	302203TR	Traffic Signal Upgrades 20	-	29,686	-	(58,906)	-	(29,220)	(c)
LAM37	302213TR	Traffic Signal Upgrades 21	-	-	-	(65,004)	-	(65,004)	(c)
		Total LAM37 Projects	-	35,823	-	(130,047)	-	(94,224)	
LAM39	302204TR	Traffic Calming Program 20	-	40,002	-	(59,214)	-	(19,212)	(c)
LAM40	302153TR	Street Construction 15	-	3,600	-	(3,600)	-	-	(b)
LAM40	302173TR	Street Construction 17	-	1,020	-	(1,020)	-	-	(b)
LAM40	302184TR	Street Construction 18	-	9,000	-	(9,000)	-	-	(b)
LAM40	302205TR	Street Construction 20	(6,241)	19,073	-	(200,948)	-	(188,116)	(c)
LAM40	302215TR	Street Construction 21	-	915	-	(915)	-	-	
		Total LAM40 Projects	(6,241)	33,608	-	(215,483)	-	(188,116)	
LAM44	304190TR	Roadway Drainage Improvements 19	15	-	-	-	-	15	
LAM44	304210TR	Roadway Drainage Improvements 21	-	-	-	(75,686)	-	(75,686)	(c)
		Total LAM44 Projects	15	-	-	(75,686)	-	(75,671)	
		Commercial Paper Debt Service	-	507,625	-	(507,625)	-	-	
		Interest Income	508	-	-	-	-	508	
		Total Congestion Relief	\$ (2,790)	\$ 620,660	\$ -	\$ (991,657)	\$ -	\$ (373,787)	

(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, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Maintenance:							
LAM31	General Fund	Street Maintenance	\$ (150,000)	\$ -	\$ -	\$ (150,000)	\$ -	\$ (300,000)	(c)
LAM33	302201TR	Curb, Gutter, Sidewalk 20	(49,025)	132,862	-	(83,837)	-	-	
		Interest Income	192	-	-	-	-	192	
		Total Maintenance	(198,833)	132,862	-	(233,837)	-	(299,808)	
		Total Local Street Improvements	(201,623)	760,922	-	(1,232,894)	-	(673,595)	
		Senior Mini-Grants:							
LAM27	212001	La Mesa Rides4Neighbors	(12,163)	48,819	-	(62,911)	-	(26,255)	(d)
		Total Senior Mini-Grants	(12,163)	48,819	-	(62,911)	-	(26,255)	
		Smart Growth Grant							
LAM47	302168OT	North Spring Street	(8,327)	421,437	-	(471,708)	-	(58,598)	(d)
LAM49	30220EOT	Complete Streets Design Manual	(34,149)	75,401	-	(50,500)	-	(9,248)	(d)
		Total Smart Growth Grant	(42,476)	496,838	-	(522,208)	-	(67,846)	
		Total TransNet Extension	\$ (256,262)	\$ 1,306,579	\$ -	\$ (1,818,013)	\$ -	\$ (767,696)	

Notes:

- (a) This is a closed project. Remaining funds will be re-allocated to another project or reimbursed back to SANDAG in FY22.
- (b) Project completed in FY21.
- (c) Funding has been programmed in FY22 and will be drawn down.
- (d) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
 TransNet and TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
		TransNet Extension:				
		Local Street Improvements:				
		Congestion Relief - Pass-Through:				
LAM46	n/a	Regional Arterial Management Systems	\$ 66,600	\$ -	\$ (66,600)	\$ -
		Total Congestion Relief - Pass-Through	<u>66,600</u>	<u>-</u>	<u>(66,600)</u>	<u>-</u>
		Congestion Relief:				
LAM17	302120TR	Street Reconstruction 12	<u>253,601</u>	<u>-</u>	<u>(250,673)</u>	<u>2,928</u>
LAM34	302212TR	Street Lights/ OH Utilities 21	<u>3,602</u>	<u>-</u>	<u>(3,602)</u>	<u>-</u>
LAM37	302171TR	Traffic Signal Upgrades 17	92,223	-	(92,223)	-
LAM37	302203TR	Traffic Signal Upgrades 20	70,781	-	(100,001)	(29,220)
LAM37	302213TR	Traffic Signal Upgrades 21	<u>-</u>	<u>-</u>	<u>(65,004)</u>	<u>(65,004)</u>
		Total LAM 37 Projects	<u>163,004</u>	<u>-</u>	<u>(257,228)</u>	<u>(94,224)</u>
LAM39	302204TR	Traffic Calming Program 20	<u>53,835</u>	<u>-</u>	<u>(73,047)</u>	<u>(19,212)</u>
LAM40	302153TR	Street Construction 15	1,118,594	-	(1,118,594)	-
LAM40	302173TR	Street Construction 17	299,997	-	(299,997)	-
LAM40	302184TR	Street Construction 18	743,965	-	(743,965)	-
LAM40	302205TR	Street Construction 20	29,757	-	(217,873)	(188,116)
LAM40	302215TR	Street Construction 21	<u>915</u>	<u>-</u>	<u>(915)</u>	<u>-</u>
		Total LAM40 Projects	<u>2,193,228</u>	<u>-</u>	<u>(2,381,344)</u>	<u>(188,116)</u>
		Subtotal Congestion Relief - Pass-Through	<u>\$ 2,667,270</u>	<u>\$ -</u>	<u>\$ (2,965,894)</u>	<u>\$ (298,624)</u>

(Continued)

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
 TransNet and TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Congestion Relief - balance carried forward	<u>\$ 2,667,270</u>	<u>\$ -</u>	<u>\$ (2,965,894)</u>	<u>\$ (298,624)</u>
LAM44	304190TR	Roadway Drainage Improvements 19	401	-	(386)	15
LAM44	304210TR	Roadway Drainage Improvements 21	<u>-</u>	<u>-</u>	<u>(75,686)</u>	<u>(75,686)</u>
		Total LAM44 Projects	<u>401</u>	<u>-</u>	<u>(76,072)</u>	<u>(75,671)</u>
		Commercial Paper Debt Service	<u>1,035,021</u>	<u>-</u>	<u>(1,035,021)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>508</u>	<u>-</u>	<u>508</u>
		Total Congestion Relief	<u>3,702,692</u>	<u>508</u>	<u>(4,076,987)</u>	<u>(373,787)</u>
		Maintenance:				
LAM31	General Fund	Street Maintenance	<u>\$ 1,358,281</u>	<u>\$ -</u>	<u>\$ (1,658,281)</u>	<u>\$ (300,000)</u>
LAM33	302201TR	Curb, Gutter, Sidewalk 20	<u>159,431</u>	<u>-</u>	<u>(159,431)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>192</u>	<u>-</u>	<u>192</u>
		Total Maintenance	<u>1,517,712</u>	<u>192</u>	<u>(1,817,712)</u>	<u>(299,808)</u>
		Total Local Street Improvements	<u>\$ 5,287,004</u>	<u>\$ 700</u>	<u>\$ (5,961,299)</u>	<u>\$ (673,595)</u>

(Continued)

CITY OF LA MESA, CALIFORNIA
 TransNet and TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
Senior Mini-Grants:						
LAM27	212001	La Mesa Rides4Neighbors	\$ 1,350,167	\$ -	\$ (1,376,422)	\$ (26,255)
Total Senior Mini-Grants			<u>1,350,167</u>	<u>-</u>	<u>(1,376,422)</u>	<u>(26,255)</u>
Smart Growth Grant						
LAM47	302168OT	North Spring Street	527,370	-	(585,968)	(58,598)
LAM49	30220EOT	Complete Streets Design Manual	<u>83,234</u>	<u>-</u>	<u>(92,482)</u>	<u>(9,248)</u>
Total Smart Growth			<u>610,604</u>	<u>-</u>	<u>(678,450)</u>	<u>(67,846)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>\$ 7,247,775</u>	<u>\$ 700</u>	<u>\$ (8,016,171)</u>	<u>\$ (767,696)</u>
Completed Projects:						
Local Street Improvements						
Congestion Relief			\$ 16,712,596	\$ -	\$ (16,712,596)	\$ -
Maintenance			2,837,903	-	(2,837,903)	-
Smart Growth			2,000,000	-	(2,000,000)	-
Bikes and Pedestrians			<u>449,000</u>	<u>-</u>	<u>(449,000)</u>	<u>-</u>
Total Completed Projects			<u>21,999,499</u>	<u>-</u>	<u>(21,999,499)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 29,247,274</u>	<u>\$ 700</u>	<u>\$ (30,015,670)</u>	<u>\$ (767,696)</u>

SCHEDULE C

CITY OF LA MESA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPOID	Cumulative					Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2021	June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021		\$ 123,302	\$ -	\$ (123,302)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2015	June 30, 2022		675,754	-	(675,754)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023		52,962	-	(52,962)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024		43,984	-	(43,984)	-	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025		382,078	-	(382,078)	-	-	-	-
For Fiscal Year ended June 30, 2019	June 30, 2026		519,185	-	(519,185)	-	-	-	460,413
For Fiscal Year ended June 30, 2020	June 30, 2027		572,799	-	(4,174)	-	-	568,625	572,799
For Fiscal Year ended June 30, 2021	June 30, 2028		2,533	-	-	-	-	2,533	-
Interest Income			-	39,451	-	-	-	39,451	28,804
Subtotal RTCIP Funds			2,372,597	39,451	(1,801,439)	-	-	610,609	1,062,016
GASB 31 Market Value Adjustment			-	(5,256)	-	-	-	(5,256)	10,638
Total RTCIP Funds			\$ 2,372,597	\$ 34,195	\$ (1,801,439)	\$ -	\$ -	\$ 605,353	\$ 1,072,654

CITY OF LEMON GROVE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Lemon Grove, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$483,408. We selected \$179,789 (37.19%) 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 unallowed expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We

documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. The City implemented a formal cost allocation plan that was adopted by City Council in June 2019. The cost allocation plan charges a percentage of payroll and positions charged to the TransNet fund. In FY21, salaries and benefits charged to the TransNet fund were \$58,454. In addition, a portion of payments made to the City Engineer, Rick Engineering, was allocated to the TransNet program to reflect the time the Engineer spent working on TransNet projects. In FY21, total expenditures charged to TransNet for Rick Engineering were \$41,157 (11%). In total the City allocated \$99,611 of indirect costs to the TransNet program, which represents 20.6% of total TransNet expenditures made during FY21. Overhead costs are then allocated to Congestion Relief and Maintenance projects based on actual expense for the current year. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent

year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects during FY21.

- 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 FY21.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$797,719
Less: debt service payment	<u> -</u>
Net estimated apportionment	797,719
30% base	<u> 30%</u>
Fiscal year 2021 30% threshold	<u> 239,316</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	400,140
Maintenance fund balance	<u> 11,960</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> 412,100</u>
Fund balance over apportionment	<u>\$172,784</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ 400,140	\$ 74,320	\$ 474,460
Maintenance	<u>11,960</u>	<u>230,690</u>	<u>242,650</u>
Totals	<u>\$412,100</u>	<u>\$305,010</u>	<u>\$ 717,110</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 27.16% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$6,368,019	\$ (41,407)	\$6,326,612
Maintenance	2,510,744	181,375	2,692,119
Interest	<u>15,839</u>	<u>165,042</u>	<u>180,881</u>
Total local street and road revenue	<u>\$8,894,602</u>	<u>\$ 305,010</u>	<u>\$9,199,612</u>
30% of total local street and road revenue			\$2,759,884
Less maintenance expenditures incurred to date			<u>(2,498,983)</u>
Available maintenance funds			<u>\$ 260,901</u>
Cumulative percentage expended for maintenance			<u>27.16%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.

- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$18,896,186</u>	<u>\$13,596,665</u>	<u>1.39</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$203,027
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$127,907</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$259,348
Less MOE base year requirement	<u>(203,027)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 56,321</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2021.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and

personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures identified during FY21.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 25, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: The City had one prior year finding relating to not using the approved exaction fee. As of June 30, 2021, the City has collected 1 of the 2 fees that were under-collected, a total of \$129.01. The City has been unsuccessful at collecting the remaining fee in the amount of \$129.15. The City sent out another follow-up letter on December 6, 2021.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of this report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

CITY OF LEMON GROVE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2021

(1) Need to Use Approved Exaction Fee

The City did not consistently collect the required exaction fee amount of \$2,533.15 during the fiscal year ended June 30, 2020. This was a repeat finding from prior year that the City of Lemon Grove has not been able to collect on. For 1 permit issued, the exaction fee collected was based upon the FY18 exaction fee amount of \$2,404. This resulted in an under-collection of the exaction fee in the amount of \$129.15 as follows:

<u>Customer No.</u>	<u>Acct/Category</u>	<u>Receipt #</u>	<u>Amount Required</u>	<u>Amount Charged</u>	<u>Variance</u>
52431	B17-000-0348	32453	\$ 2,533.15	\$ 2,404.00	\$ 129.15

SANDAG Board recommendations as of February 13, 2019 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 \$2,483.48 to \$2,533.15 beginning July 1, 2019.”

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 \$129.15. Additionally, we recommend that the City update and collect the proper exaction on a yearly basis to be in compliance with the RTCIP fees.

Management Response

During our review for the Fiscal Year ended June 30, 2021, we became aware of the fact that one extraction fee was still pending collection from a prior year in the amount of \$129.15. Our Community Development Department drafted and mailed a letter to the resident in an effort to collect the delinquent extraction fee. We will make every effort to collect and record the delinquent extraction fee in Fiscal Year ending June 30, 2022.

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2020 through June 30, 2021.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 5,713	\$ 43,308	\$ 20	\$ (52,617)	\$ 22,500	\$ 18,924	(a)
LG18	7155	Traffic Improvements - Congestion Relief	44,995	-	-	-	(44,995)	-	(a)(b)
LG20	7300	Street Improvements - Congestion Relief	(6,965)	388,000	181	-	-	381,216	
		Interest Income	-	-	-	-	-	-	
		Total Congestion Relief	<u>43,743</u>	<u>431,308</u>	<u>201</u>	<u>(52,617)</u>	<u>(22,495)</u>	<u>400,140</u>	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(1,484)	71,891	34	(82,465)	22,495	10,471	(a)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	2,909	41,682	20	(44,419)	-	192	
LG17	7150	Street Improvements - Preventive Maintenance	9,340	25,864	12	(33,919)	-	1,297	
		Interest Income	-	-	-	-	-	-	
		Total Maintenance	<u>10,765</u>	<u>139,437</u>	<u>66</u>	<u>(160,803)</u>	<u>22,495</u>	<u>11,960</u>	
		Total Local Street Improvements	<u>54,508</u>	<u>570,745</u>	<u>267</u>	<u>(213,420)</u>	<u>-</u>	<u>412,100</u>	
Smart Growth Grant:									
LG26	7340	Connect Main St	-	246,361	-	(269,988)	-	(23,627)	(c)
		Total Smart Growth Grant	<u>-</u>	<u>246,361</u>	<u>-</u>	<u>(269,988)</u>	<u>-</u>	<u>(23,627)</u>	
		Total TransNet Extension	<u>\$ 54,508</u>	<u>\$ 817,106</u>	<u>\$ 267</u>	<u>\$ (483,408)</u>	<u>\$ -</u>	<u>\$ 388,473</u>	

Notes:

- (a) City council approval obtained for the transfer of funds from project 7155 to project 7280 in the amount of \$22,500 and 7310 in the amount of \$22,495 per staff resolution 2021-3855 on December 7, 2021.
- (b) Project complete.
- (c) City will request additional funds in FY22.

SCHEDULE B

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	\$ 1,074,305	\$ 2,886	\$ (1,058,267)	\$ 18,924
LG18	7155	Traffic Improvements - Congestion Relief	104,192	308	(104,500)	-
LG20	7300	Street Improvements - Congestion Relief	3,705,294	250	(3,324,328)	381,216
		Interest Income	-	-	-	-
		Total Congestion Relief	<u>4,883,791</u>	<u>3,444</u>	<u>(4,487,095)</u>	<u>400,140</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	1,203,822	51	(1,193,402)	10,471
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	584,105	82	(583,995)	192
LG17	7150	Street Improvements - Preventive Maintenance	722,817	66	(721,586)	1,297
		Interest Income	-	-	-	-
		Total Maintenance	<u>2,510,744</u>	<u>199</u>	<u>(2,498,983)</u>	<u>11,960</u>
		Total Local Street Improvements	<u>7,394,535</u>	<u>3,643</u>	<u>(6,986,078)</u>	<u>412,100</u>
Smart Growth Grant:						
LG26	7340	Connect Main St	<u>246,361</u>	<u>-</u>	<u>(269,988)</u>	<u>(23,627)</u>
		Total Smart Growth Grant	<u>246,361</u>	<u>-</u>	<u>(269,988)</u>	<u>(23,627)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>7,640,896</u>	<u>3,643</u>	<u>(7,256,066)</u>	<u>388,473</u>
Completed Projects:						
		Congestion Relief	1,484,228	12,196	(1,496,424)	-
		Smart Growth Grant	<u>3,275,001</u>	<u>-</u>	<u>(3,275,001)</u>	<u>-</u>
		Total Completed Projects	<u>4,759,229</u>	<u>12,196</u>	<u>(4,771,425)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 12,400,125</u>	<u>\$ 15,839</u>	<u>\$ (12,027,491)</u>	<u>\$ 388,473</u>

SCHEDULE C

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2021	June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	LG 13	\$ 22,134	\$ 215	\$ (22,349)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	LG 13	130,777	737	(131,514)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	LG 13	272,580	2,383	(274,963)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	LG 13	51,854	2,997	(54,851)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	LG 13	50,484	5,909	(56,393)	-	-	-	
For Fiscal Year ended June 30, 2019	June 30, 2026	LG 13	52,888	2,012	(54,882)	-	18	18	
For Fiscal Year ended June 30, 2020	June 30, 2027	LG 13	40,351	-	-	-	40,351	40,351	
For Fiscal Year ended June 30, 2021	June 30, 2028	LG 13	35,229	-	-	-	35,229	-	
Interest Income			-	659	-	-	659	276	
Total RTCIP Funds			\$ 656,297	\$ 14,912	\$ (594,952)	\$ -	\$ 76,257	\$ 40,645	

CITY OF NATIONAL CITY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of National City, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,913,477. We selected \$764,289 (39.94%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as the City did not allocate indirect costs to projects on the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as the City did not have projects with no activity for the past two years on Schedule A.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as the City did not have projects with no activity for the past two years on Schedule A.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City did not have any Non-*TransNet* activity on Schedule A.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not

more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is not in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$1,608,929
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,608,929
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>482,679</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	772,606
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>772,606</u>
Fund balance over apportionment	<u>\$ 289,927</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$772,606	\$(4,363,988)	\$(3,591,382)
Maintenance	<u>-</u>	<u>5,462,978</u>	<u>5,462,978</u>
Totals	<u>\$772,606</u>	<u>\$1,098,990</u>	<u>\$1,871,596</u>

- We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 0.00% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$20,721,833	\$(4,690,051)	\$16,031,782
Maintenance	-	5,348,680	5,348,680
Interest	<u>51,122</u>	<u>440,361</u>	<u>491,483</u>
Total local street and road revenue	<u>\$20,772,955</u>	<u>\$1,098,990</u>	<u>\$21,871,945</u>
30% of total local street and road revenue			\$6,561,584
Less maintenance expenditures incurred to date			<u>-</u>
Available maintenance funds			<u>\$6,561,584</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 are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$65,018,006</u>	<u>\$54,814,126</u>	<u>1.19</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,029,966
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$1,278,879</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

- i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$2,684,410
Less MOE base year requirement	<u>(2,029,966)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 654,444</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2021.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 14, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: The prior three reports (fiscal year ended June 30, 2018, June 30, 2019, and June 30, 2020) included findings related to charging incorrect exaction fees. The

current year testing of the exaction fee (procedure 14.c.i) did not result in a finding. As of the date of this report, the under-collections of \$3,666 and \$156 relating to the fiscal years ended June 30, 2018 and June 30, 2019 had not been recovered, nor was the over-collection of \$162 relating to the fiscal year ended June 30, 2020 refunded to the developer. Per the City, staffing changes which occurred as a result of the COVID-19 pandemic left the City unable to fulfill the recommendations made as a result of the prior year audits. The City's new management has been informed of these findings and will take action to resolve them before the end of fiscal year 2022.

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	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	(65,071)	487,500	2,199	(180,657)	-	243,971	
NC04	6558	Traffic Signal Install/Upgrade	(11,178)	487,500	3,536	(87,628)	-	392,230	
NC15	6166	Citywide Safe Routes to School	211,448	-	1,230	(76,273)	-	136,405	
		Total Congestion Relief	135,199	975,000	6,965	(344,558)	-	772,606	
		Total Local Street Improvements	135,199	983,000	6,965	(352,558)	-	772,606	
Smart Growth:									
NC23	6577	Westside Mobility Improvements Project	140,024	-	-	-	(140,024)	-	(a)(b)
NC29	6604	24th Street TOD Overlay	(129,595)	214,564	-	(211,334)	-	(126,365)	(c)
NC36	6605	Roosevelt Ave Corridor	(157,123)	696,686	-	(1,162,725)	-	(623,162)	(c)
NC37	6606	Sweetwater Rd Protected Bikeway	(45,625)	127,078	-	(168,530)	-	(87,077)	(c)
		Total Smart Growth	(192,319)	1,038,328	-	(1,542,589)	(140,024)	(836,604)	

(Continued)

SCHEDULE A

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
Active Transportation Grant:									
Bike and Pedestrian									
NC33	6601	National City Blvd. Inter-City Bike Connectivity	\$ (55,285)	\$ -	\$ -	\$ -	\$ 55,285	\$ -	(d)
NC34	6603	Waterfront To Homefront Connectivity	(116,963)	104,516	-	-	-	(12,447)	(c)
NC35	6602	National City Bike Parking Enhancements	(18,784)	35,313	-	(18,330)	-	(1,801)	(c)
		Total Bike and Pedestrian	(191,032)	139,829	-	(18,330)	55,285	(14,248)	
		Total <i>TransNet</i> Extension	\$ (248,152)	\$ 2,161,157	\$ 6,965	\$ (1,913,477)	\$ (84,739)	\$ (78,246)	

Notes:

- (a) Grant reimbursements received were double counted in FY18 and FY19 in the amount of \$140,024. An adjustment has been made to the Schedule to eliminate the redundant reimbursement.
- (b) Project complete.
- (c) Grant Expenditures will be requested for reimbursement in FY22.
- (d) Prior Year expenditures for this project related to the TDA Grant, and were erroneously included within the *TransNet* Schedule A.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 72,000	\$ -	\$ (72,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>72,000</u>	<u>-</u>	<u>(72,000)</u>	<u>-</u>
Congestion Relief:						
NC03	6035	Street Resurfacing Project	10,813,110	5,401	(10,574,540)	243,971
NC04	6558	Traffic Signal Install/Upgrade	2,199,733	21,891	(1,829,394)	392,230
NC15	6166	Citywide Safe Routes to School Tax	<u>2,865,701</u>	<u>12,739</u>	<u>(2,742,035)</u>	<u>136,405</u>
		Total Congestion Relief	<u>15,878,544</u>	<u>40,031</u>	<u>(15,145,969)</u>	<u>772,606</u>
		Total Local Street Improvements	<u>15,950,544</u>	<u>40,031</u>	<u>(15,217,969)</u>	<u>772,606</u>
Smart Growth:						
NC23	6577	Westside Mobility Improvements Project	2,000,000	-	(2,000,000)	-
NC29	6604	24th Street TOD Overlay	326,932	-	(453,297)	(126,365)
NC36	6605	Roosevelt Ave Corridor	764,746	-	(1,387,908)	(623,162)
NC37	6606	Sweetwater Rd Protected Bikeway	<u>229,057</u>	<u>-</u>	<u>(316,134)</u>	<u>(87,077)</u>
		Total Smart Growth	<u>3,320,735</u>	<u>-</u>	<u>(4,157,339)</u>	<u>(836,604)</u>

(Continued)

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
Active Transportation Grant:						
Bike and Pedestrian:						
NC 33	6601	National City Blvd. Inter-City Bike Connectivity	\$ -	\$ -	\$ -	\$ -
NC 34	6603	Waterfront To Homefront Connectivity	185,554	-	(198,001)	(12,447)
NC 35	6604	Waterfront To Homefront Connectivity	<u>46,072</u>	-	<u>(47,873)</u>	<u>(1,801)</u>
Total Bike and Pedestrian			<u>231,626</u>	-	<u>(245,874)</u>	<u>(14,248)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>19,502,905</u>	<u>40,031</u>	<u>(19,621,182)</u>	<u>(78,246)</u>
Completed Projects:						
Congestion Relief			4,771,289	11,091	(4,782,380)	-
Smart Growth			5,145,000	-	(5,145,000)	-
Bike and Pedestrian			<u>1,806,861</u>	-	<u>(1,806,861)</u>	-
Total Completed Projects			<u>11,723,150</u>	<u>11,091</u>	<u>(11,734,241)</u>	-
Total Cumulative <i>TransNet</i> Extension			<u>\$ 31,226,055</u>	<u>\$ 51,122</u>	<u>\$ (31,355,423)</u>	<u>\$ (78,246)</u>

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	NC01	\$ 36,044	\$ 198	\$ (36,242)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2015	June 30, 2022	NC01	351,669	595	(352,264)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	NC01	13,860	-	(13,860)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024	NC01	28,096	-	(28,143)	47	-	-	-
For Fiscal Year ended June 30, 2018	June 30, 2025	NC01	494,561	-	(114,556)	-	-	380,005	380,005
For Fiscal Year ended June 30, 2019	June 30, 2026		141,430	-	-	-	-	141,430	141,430
For Fiscal Year ended June 30, 2020	June 30, 2027		1,061,746	-	-	-	-	1,061,746	1,061,746
For Fiscal Year ended June 30, 2021	June 30, 2028		136,652	-	-	-	-	136,652	-
Interest Income			-	52,226	-	-	-	52,226	33,468
Subtotal RTCIP Funds			2,264,058	53,019	(545,065)	47	-	1,772,059	1,616,649
GASB 31 Market Value Adjustment			-	(15,557)	-	-	-	(15,557)	(15,228)
Total RTCIP Funds			<u>\$ 2,264,058</u>	<u>\$ 37,462</u>	<u>\$ (545,065)</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 1,756,502</u>	<u>\$ 1,601,421</u>

CITY OF OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Oceanside, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$1,510,493. We selected \$590,162 (39.07%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. The City does not have a formal indirect cost plan. The City allocates costs based on all expenses charged to the designated Engineering Account, as a percentage of each active CIP account on a quarterly basis. The City allocated a total of \$255,068 of indirect costs in the RTIP, resulting in 8.43% of indirect costs compared to total *TransNet* expenditures. The City's methodology for allocating indirect costs appears reasonable. The City's indirect cost plan has not been reviewed by a cognizant agency or audited by an independent CPA firm. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: 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, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: MPOID O47 had no activity over the past two years. No exceptions noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for inactivity on January 27, 2022.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there was no non-*TransNet* activity reported for the fiscal year.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$5,068,820
Less: debt service payment	<u>(1,516,550)</u>
Net estimated apportionment	3,552,270
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>1,065,681</u>
Less:	
Local Streets and Roads fund balance	310,789
Local Street Improvement:	
Congestion Relief fund balance	(2,100,871)
Maintenance fund balance	<u>(112,485)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,902,567)</u>
Fund balance under apportionment	<u>\$2,968,248</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(2,100,871)	\$ 161,012	\$(1,939,860)
Maintenance	<u>(112,485)</u>	<u>4,293,911</u>	<u>4,181,426</u>
Totals	<u>\$(2,213,356)</u>	<u>\$4,454,923</u>	<u>\$ 2,241,566</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 21.17% 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	\$50,806,473	\$(466,864)	\$50,339,609
Maintenance	14,677,923	4,013,466	18,691,389
Interest	<u>205,051</u>	<u>908,321</u>	<u>1,113,372</u>
 Total local street and road revenue	 <u>\$65,689,447</u>	 <u>\$4,454,923</u>	 <u>\$70,144,370</u>
 30% of total local street and road revenue			 \$21,043,311
Less maintenance expenditures incurred to date			 <u>(14,852,077)</u>
 Available maintenance funds			 <u>\$ 6,191,234</u>
 Cumulative percentage expended for maintenance			 <u>21.17%</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, 2020</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Interest</u> <u>Payments</u>
Commercial Paper Debt Services	\$2,855,978	\$201,000	\$1,502,041	\$1,554,937	\$14,509

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
 - i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.
- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$177,734,877</u>	<u>\$140,010,179</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$3,120,588
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$1,965,970</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$4,834,876
Less MOE base year requirement	<u>(3,120,588)</u>
Excess MOE for the year ended June 30, 2021	<u>\$1,714,288</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: The City is not in compliance with the RTCIP exaction fee requirement. See Finding 1 in the Findings and Recommendations section of this report.

ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$21,942. We selected \$18,322 (83.51%) for testing. No exceptions were noted as a result of our procedures.

vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures identified in procedure 13.c.v.

vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 13, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

17. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: See the Findings and Recommendations section of this report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

CITY OF OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2021

(1) Need to Use Approved Exaction Fee

The City did not consistently collect the required exaction fee amount of \$2,583.82. For 148 permits issued, the exaction fee was incorrectly collected from the developers. This resulted in an under-collection of the exaction fee in the amount of \$7,499 as follows:

<u>Total</u> <u>Under collections</u>	<u>Audited</u> <u>Amount</u>	<u>Amount</u> <u>Required</u>	<u>Variance</u>
148	<u>\$374,906</u>	<u>\$382,405</u>	<u>\$7,499</u>
Totals	<u>\$374,906</u>	<u>\$382,405</u>	<u>\$7,499</u>

SANDAG Board recommendations as of February 12, 2020 and subsequent approval states, in part:

“...the minimum Regional Transportation Congestion Improvement Program fee would increase from \$2,533.15 to \$2,583.82 beginning July 1, 2020.”

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 \$7,499 for FY21. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

Each year SANDAG provides updated costs to be assessed for the minimum Regional Transportation Congestion Improvement Program fee for collection beginning July 1st of each year.

Development Services Department (DSD) Admin Staff track this change and implement an update, along with other fee updates, by no later than June 30th of each

CITY OF OCEANSIDE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations (Continued)

Year Ended June 30, 2021

(1) Need to Use Approved Exaction Fee (Continued)

year. These updates are input into DSD tracking and invoicing software for use by DSD Front Counter Techs who prepare Bond and Fee letters for each development. It is through this process that the Regional Transportation Congestion Improvement Program Fee is collected.

During the past year and a half, the DSD Admin Staff assigned to this task did not remember to update the fee as indicated. This caused an under-collection of fees on 148 permits.

The internal policy in place to address these issues is simple: send an amended invoice to collect the deficient amount. This is permissible as Resolution 16-R0324-1 as approved by City Council on May 18, 2016 and each specific Project Resolution approved by the City Planning Commission and City Council, the City has the ability to amend the invoice to obtain the deficient amount. In the case of the 148 deficient permits, DSD Engineering, Admin and Front Counter Tech Staff are preparing invoices in the deficient amount for email and USPS mail for collection.

As part of the checks and balances, DSD Engineering and Admin Staff will work together to ensure the updated fees are received from SANDAG and included in the July 1st fee updates on the City's website as well as tracking and invoicing software.

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2020 through June 30, 2021.

“ITOC” means the Independent Taxpayer Oversight Committee.

“MOE” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“MPO ID” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“Recipient Agency” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“RTCIP” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“RTIP” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

“*TransNet* Ordinance and Expenditure Plan” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
TransNet:									
Local Streets and Roads:									
O14	914560800212	Douglas Dr. Bridge Seismic Retro	\$ 111,230	\$ -	\$ -	\$ (4,743)	\$ -	\$ 106,487	
O14	914560900212	No Coast Hwy Bridge Seismic Retro	<u>210,902</u>	<u>-</u>	<u>-</u>	<u>(6,600)</u>	<u>-</u>	<u>204,302</u>	
Total Local Streets and Roads			<u>322,132</u>	<u>-</u>	<u>-</u>	<u>(11,343)</u>	<u>-</u>	<u>310,789</u>	
Total <i>TransNet</i>			<u>322,132</u>	<u>-</u>	<u>-</u>	<u>(11,343)</u>	<u>-</u>	<u>310,789</u>	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
O35	N/A	Regional Arterial Management Systems	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>	<u>-</u>	
Total Congestion Relief - Pass-Through			<u>-</u>	<u>11,200</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>	<u>-</u>	
Congestion Relief:									
O17	905120100212	Loma Alta Creek Detention Basins	<u>(13,456)</u>	<u>13,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
O24	902754200212	Street Restoration	<u>(942,618)</u>	<u>-</u>	<u>-</u>	<u>(610,410)</u>	<u>-</u>	<u>(1,553,028)</u>	(a)
O25	902146516212	Downtown Fiber-Optic	<u>(20,223)</u>	<u>-</u>	<u>-</u>	<u>(2,825)</u>	<u>-</u>	<u>(23,048)</u>	(a)
Subtotal Congestion Relief			<u>(976,297)</u>	<u>13,456</u>	<u>-</u>	<u>(613,235)</u>	<u>-</u>	<u>(1,576,076)</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, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Congestion Relief - balance carried forward	\$ (976,297)	\$ 13,456	\$ -	\$ (613,235)	\$ -	\$ (1,576,076)	
O33	902131200212	Coast Hwy Corridor Study/EIR	124,277	-	-	-	-	124,277	(b)
O33	902137100212	Coast Hwy Vision EIR-SA	-	-	-	-	-	-	(b)
O33	902162120212	Coast Hwy Corridor Design	-	-	-	(15,000)	-	(15,000)	(a)
		Total O33 Projects	124,277	-	-	(15,000)	-	109,277	
O37	902135600212	Bicycle Master Plan/Bike Sfty	(7,064)	-	-	(27,559)	-	(34,623)	(a)
O37	902165720212	Loma Alta Bike Trail	-	-	-	(532)	-	(532)	(a)
		Total O38 Projects	(7,064)	-	-	(28,091)	-	(35,155)	
O38	902134400212	Ada Ramp Rplcmt/Sdwks In-fill	(64,413)	-	-	(30,840)	-	(95,253)	(a)
O38	902135500212	Neighborhood Traffic Sfty Impr	(144,185)	-	-	(69,107)	(23,169)	(236,461)	(a)(c)
O38	902165620212	El Corazon N Roundabout	-	-	-	(21,471)	-	(21,471)	(a)
		Total O38 Projects	(208,598)	-	-	(121,418)	(23,169)	(353,185)	
O40	902135400212	Mainline R/R Xing Sfty	(229,097)	201,000	-	(76,077)	-	(104,174)	(a)(d)
O41	907118100212	Lot 23 Transit Parking Strctr	(1,228,254)	962,268	-	-	-	(265,986)	(a)(d)
		Subtotal Congestion Relief	(2,525,033)	1,176,724	-	(853,821)	(23,169)	(2,225,299)	

(Continued)

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2020	Received	Income	Expenditures	Adjustments	June 30, 2021	
		Congestion Relief balance carried forward	<u>\$ (2,525,033)</u>	<u>\$ 1,176,724</u>	<u>\$ -</u>	<u>\$ (853,821)</u>	<u>\$ (23,169)</u>	<u>\$ (2,225,299)</u>	
O45	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	(44,635)	44,635	-	-	-	-	(d)
O45	902147216212	Douglas Dr Median HSIP-City	(25,342)	13,216	-	(2,794)	-	(14,920)	(a)
		Total O45 Projects	<u>(69,977)</u>	<u>57,851</u>	<u>-</u>	<u>(2,794)</u>	<u>-</u>	<u>(14,920)</u>	
O46	902162320212	Coastal Rail Trail Design	-	-	-	(16,060)	-	(16,060)	(a)
O46	904146616212	Coastal Rail Trail Oblvd Morse	(21,724)	-	-	-	-	(21,724)	(a)
		Total O46 Projects	<u>(21,724)</u>	<u>-</u>	<u>-</u>	<u>(16,060)</u>	<u>-</u>	<u>(37,784)</u>	
O47	907146416212	Pier Restoration	33,750	-	-	-	-	33,750	(e)
		Commercial Paper Debt Services	-	1,516,550	-	(1,516,550)	-	-	
		Interest income	135,004	-	8,378	-	-	143,382	
		Total Congestion Relief	<u>(2,447,980)</u>	<u>2,751,125</u>	<u>8,378</u>	<u>(2,389,225)</u>	<u>(23,169)</u>	<u>(2,100,871)</u>	
		Maintenance:							
O18	425411212	Misc Traffic Markings	(9,493)	-	-	(44,455)	-	(53,948)	(a)
O18	425418212	Neighborhood Traffic Improvement	17,117	-	-	(94,852)	-	(77,735)	(a)
O18	425426212	Misc Street Projects	(592,733)	575,000	-	(24,518)	-	(42,251)	(a)
		Total O18 Projects	<u>(585,109)</u>	<u>575,000</u>	<u>-</u>	<u>(163,825)</u>	<u>-</u>	<u>(173,934)</u>	
		Interest Income	57,859	-	3,590	-	-	61,449	
		Total Maintenance	<u>(527,250)</u>	<u>575,000</u>	<u>3,590</u>	<u>(163,825)</u>	<u>-</u>	<u>(112,485)</u>	
		Total Local Street Improvements	<u>(2,975,230)</u>	<u>3,337,325</u>	<u>11,968</u>	<u>(2,564,250)</u>	<u>(23,169)</u>	<u>(2,213,356)</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, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
Bike and Pedestrian:									
O47	902157419212	Pier VWay Bridge Replacement PDR	(15,190)	-	-	(22,121)	-	(37,311)	(f)
O48	836161619212	Sandag ATGP Bike Storage	(302)	-	-	-	302	-	(g)
		Total Bike and Pedestrian	(15,492)	-	-	(22,121)	302	(37,311)	
Smart Growth:									
O49	836164419272	Coastal Rail Trail Extension	-	194,476	-	(339,517)	-	(145,041)	(f)
		Total Smart Growth	-	194,476	-	(339,517)	-	(145,041)	
Senior Mini-Grant:									
O34	817130819212	Senior Transportation Grant	(42,124)	131,936	-	(89,812)	-	-	
		Total Senior Mini-Grant	(42,124)	131,936	-	(89,812)	-	-	
		Total <i>TransNet</i> Extension	(3,032,846)	3,663,737	11,968	(3,015,700)	(22,867)	(2,395,708)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(2,710,714)	3,663,737	11,968	(3,027,043)	(22,867)	(2,084,919)	
		GASB 31 Market Value Adjustment	25,649	-	(11,539)	-	-	14,110	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (2,685,065)	\$ 3,663,737	\$ 429	\$ (3,027,043)	\$ (22,867)	\$ (2,070,809)	

Notes:

- (a) City will request a drawdown to remove the deficit in FY22.
- (b) Project will resume in FY22 with an estimated completion date of FY23.
- (c) Expenditures in the amount of \$23,169 from FY19 are included within the FY21 schedule as the contractor did not receive payment until October 2020 for services previously rendered.
- (d) Project is complete.
- (e) Project estimated to be resumed and completed in FY22.
- (f) Grant funding will be requested for reimbursement in FY22.
- (g) This balance from FY20 is related to a TDA project and was moved to the TDA fund.

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 100,800	\$ -	\$ (100,800)	\$ -
		Total Congestion Relief - Pass-Through	<u>100,800</u>	<u>-</u>	<u>(100,800)</u>	<u>-</u>
Congestion Relief:						
O17	905120100212	Loma Alta Creek Detention Basins	<u>2,394,236</u>	<u>-</u>	<u>(2,394,236)</u>	<u>-</u>
O24	902754200212	Street Restoration	<u>24,414,021</u>	<u>-</u>	<u>(25,967,049)</u>	<u>(1,553,028)</u>
O25	902146516212	Downtown Fiber-Optic	<u>146,900</u>	<u>-</u>	<u>(169,948)</u>	<u>(23,048)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	1,159,218	-	(1,034,941)	124,277
O33	902137100212	Coast Hwy Vision EIR-SA	323,068	-	(323,068)	-
O33	902162120212	Coast Hwy Corridor Design	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
		Total O33 Projects	<u>1,482,286</u>	<u>-</u>	<u>(1,373,009)</u>	<u>109,277</u>
O37	902135600212	Bicycle Master Plan/Bike Sfty	283,065	-	(317,688)	(34,623)
O37	902165720212	Loma Alta Bike Trail	<u>-</u>	<u>-</u>	<u>(532)</u>	<u>(532)</u>
		Total O37 Projects	<u>283,065</u>	<u>-</u>	<u>(318,220)</u>	<u>(35,155)</u>
		Subtotal Congestion Relief	<u>28,720,508</u>	<u>-</u>	<u>(30,222,462)</u>	<u>(1,501,954)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Congestion Relief balance carried forward	<u>\$ 28,720,508</u>	<u>\$ -</u>	<u>\$ (30,222,462)</u>	<u>\$ (1,501,954)</u>
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	722,500	-	(817,753)	(95,253)
O38	902135500212	Neighborhood Traffic Sfty Impr	246,629	-	(483,090)	(236,461)
O38	902165620212	El Corazon N Roundabout	<u>-</u>	<u>-</u>	<u>(21,471)</u>	<u>(21,471)</u>
		Total O38 Projects	<u>969,129</u>	<u>-</u>	<u>(1,322,314)</u>	<u>(353,185)</u>
O40	902135400212	Mainline R/R Xing Sfty	<u>5,440,000</u>	<u>-</u>	<u>(5,544,174)</u>	<u>(104,174)</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	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	604,470	-	(604,470)	-
O45	902147216212	Douglas Dr Median HSIP-City	<u>119,214</u>	<u>-</u>	<u>(134,134)</u>	<u>(14,920)</u>
		Total O45 Projects	<u>723,684</u>	<u>-</u>	<u>(738,604)</u>	<u>(14,920)</u>
O46	902162320212	Coastal Rail Trail Design	-	-	(16,060)	(16,060)
O46	904146616212	Coastal Rail Trail Oblvd Morse	<u>115,000</u>	<u>-</u>	<u>(136,724)</u>	<u>(21,724)</u>
		Total O45 Projects	<u>115,000</u>	<u>-</u>	<u>(152,784)</u>	<u>(37,784)</u>
O47	907146416212	Pier Restoration	<u>500,000</u>	<u>-</u>	<u>(466,250)</u>	<u>33,750</u>
		Subtotal Congestion Relief	<u>39,885,314</u>	<u>-</u>	<u>(42,129,567)</u>	<u>(2,244,253)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Congestion Relief balance carried forward	\$ 39,885,314	\$ -	\$ (42,129,567)	\$ (2,244,253)
		Commercial Paper Debt Services	3,348,685	-	(3,348,685)	-
		Interest Income	-	143,382	-	143,382
		Total Congestion Relief	43,233,999	143,382	(45,478,252)	(2,100,871)
		Maintenance:				
O18	425411212	Misc Traffic Markings	374,670	-	(428,618)	(53,948)
O18	425418212	Neighborhood Traffic Improvement	820,190	-	(897,925)	(77,735)
O18	425426212	Misc Street Projects	8,194,617	-	(8,236,868)	(42,251)
		Total O18 Projects	9,389,477	-	(9,563,411)	(173,934)
		Interest Income	-	61,449	-	61,449
		Total Maintenance	9,389,477	61,449	(9,563,411)	(112,485)
		Total Local Street Improvements	52,724,276	204,831	(55,142,463)	(2,213,356)
		Bike and Pedestrian:				
O47	902157419212	Pier VWay Bridge Replacement PDR	-	-	(37,311)	(37,311)
O48	836161619212	Sandag ATGP Bike Storage	-	-	-	-
		Total Bike and Pedestrian	-	-	(37,311)	(37,311)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Smart Growth:				
O49	836164419272	Coastal Rail Trail Extension	\$ 194,476	\$ -	\$ (339,517)	\$ (145,041)
		Total Smart Growth	<u>194,476</u>	<u>-</u>	<u>(339,517)</u>	<u>(145,041)</u>
		Senior Mini-Grant:				
O34	817130816212	Senior Transportation Grant	<u>999,672</u>	<u>-</u>	<u>(999,672)</u>	<u>-</u>
		Total Senior Mini-Grant	<u>999,672</u>	<u>-</u>	<u>(999,672)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>53,918,424</u>	<u>204,831</u>	<u>(56,518,963)</u>	<u>(2,395,708)</u>
		Completed Projects:				
		LSI - Congestion Relief	7,471,674	-	(7,471,674)	-
		LSI - Maintenance	5,288,446	220	(5,288,666)	-
		Bike and Pedestrian	567,620	-	(567,620)	-
		Smart Growth	431,451	-	(431,451)	-
		Senior Mini-Grant	<u>757,082</u>	<u>13</u>	<u>(757,095)</u>	<u>-</u>
		Total Completed Projects	<u>14,516,273</u>	<u>233</u>	<u>(14,516,506)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 68,434,697</u>	<u>\$ 205,064</u>	<u>\$ (71,035,469)</u>	<u>\$ (2,395,708)</u>

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	O22	\$ 251,826	\$ 1,690	\$ (253,516)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	O22	128,478	911	(129,389)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	O22	256,521	1,798	(258,319)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	O22	912,159	7,156	(919,315)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	O22	951,228	-	(568,281)	-	(382,947)	382,947	
For Fiscal Year ended June 30, 2019	June 30, 2026	O22	623,484	-	-	-	(517,053)	623,484	
For Fiscal Year ended June 30, 2020	June 30, 2027		509,334	-	-	-	-	509,334	
For Fiscal Year ended June 30, 2021	June 30, 2028		398,288	-	-	-	-	398,288	
Interest Income			-	14,600	-	-	-	14,600	
Total RTCIP Funds			\$ 4,031,318	\$ 26,155	\$ (2,128,820)	\$ -	\$ (900,000)	\$ 1,928,653	\$ 1,548,798

CITY OF POWAY, CALIFORNIA
Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund
Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Poway, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,396,982. We selected \$1,045,622 (74.85%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no payroll expenditures identified during FY21.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated during FY21.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which 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: 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* activities during FY21.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment,

net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$1,642,043
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,642,043
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>492,613</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	304,132
Maintenance fund balance	<u>(474)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>303,658</u>
Fund balance under apportionment	<u>\$188,955</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$304,132	\$1,597,165	\$1,901,297
Maintenance	<u>(474)</u>	<u>182,704</u>	<u>182,230</u>
Totals	<u>\$303,658</u>	<u>\$1,779,869</u>	<u>\$2,083,527</u>

- 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 28.89% 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	\$11,968,542	\$1,517,848	\$13,486,390
Maintenance	5,595,334	152,050	5,747,384
Interest	<u>39,909</u>	<u>109,971</u>	<u>149,880</u>
Total local street and road revenue	<u>\$17,603,785</u>	<u>\$1,779,869</u>	<u>\$19,383,654</u>
30% of total local street and road revenue			\$5,815,096
Less maintenance expenditures incurred to date			<u>(5,600,452)</u>
Available maintenance funds			<u>\$ 214,644</u>
Cumulative percentage expended for maintenance			<u>28.89%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$50,554,714</u>	<u>\$51,092,682</u>	<u>0.99</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,327,553
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$ 836,358</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

- i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$1,345,731
Less MOE base year requirement	(1,327,553)
Less Prior year shortfall	<u>(17,613)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 565</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$75,661. We selected \$30,008 (39.66%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP payroll expenditures for the fiscal year ending June 30, 2021.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 22, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: The prior year report included a finding that the City did not meet its MOE requirement, resulting in a shortfall in the amount of \$17,613. Our testing of the MOE requirement for the year ended June 30, 2021 did not identify any exceptions and was sufficient to cover the prior deficit. This finding is considered 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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief Pass-Through:									
POW 29	0411-4320D	Regional Arterial Management Systems	\$ -	\$ 7,300	\$ -	\$ (7,300)	\$ -	\$ -	
		Total Congestion Relief Pass-Through	-	7,300	-	(7,300)	-	-	
Congestion Relief:									
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	19,931	28,393	2,013	-	76,062	126,399	(a)
POW 38	411040-43202	Annual Reconstruction and Overlay Project	201,497	920,000	2,829	(1,016,974)	70,381	177,733	(b)
POW 46	STR0008	Poway Rd Left Turn Improvements	70,381	-	-	-	(70,381)	-	(b)
		Total Congestion Relief	291,809	948,393	4,842	(1,016,974)	76,062	304,132	
Maintenance:									
POW 30	411040-43203	Street Maintenance Project	-	372,234	-	(372,708)	-	(474)	(c)(d)
		Total Maintenance	-	372,234	-	(372,708)	-	(474)	
		Total Local Street Improvement	291,809	1,327,927	4,842	(1,396,982)	76,062	303,658	
		Subtotal <i>TransNet</i> Extension	291,809	1,327,927	4,842	(1,396,982)	76,062	303,658	
		GASB 31 Market Value Adjustment	5,641	-	(2,500)	-	-	3,141	
		Total <i>TransNet</i> Extension	\$ 297,450	\$ 1,327,927	\$ 2,342	\$ (1,396,982)	\$ 76,062	\$ 306,799	

Notes:

- (a) An adjustment was made to move FY20 expenditures to Fund 2260 after it was determined that the design phase of the project should only be funded by Fund 2260.
- (b) POW 46 is complete. The remaining balance was transferred to POW 38 in April 2021 where City obtained Council approval via Staff Resolution 19-013.
- (c) The expenditures for the City's Maintenance program were substantially made during the first part of the fiscal year. However, due to cash flow constraints, *TransNet* funds were received throughout the fiscal year. This resulted in an average negative cash balance during the fiscal year. Therefore, the fund received no interest allocation.
- (d) Funding will be requested in FY22 to remove the deficit.

SCHEDULE B

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	0411-4320D	Regional Arterial Management Systems	\$ 65,700	\$ -	\$ (65,700)	\$ -
		Total Congestion Relief Pass-Through	<u>65,700</u>	<u>-</u>	<u>(65,700)</u>	<u>-</u>
Congestion Relief:						
POW 37	STR0009	Espola Road Bicycle and Pedestrian Widening	<u>123,744</u>	<u>2,655</u>	<u>-</u>	<u>126,399</u>
POW 38	411040-43202	Annual Reconstruction and Overlay Project	<u>1,915,005</u>	<u>12,728</u>	<u>(1,750,000)</u>	<u>177,733</u>
POW 46	STR0008	Poway Rd Left Turn Improvements	<u>181,883</u>	<u>6,786</u>	<u>(188,669)</u>	<u>-</u>
		Total Congestion Relief	<u>2,220,632</u>	<u>22,169</u>	<u>(1,938,669)</u>	<u>304,132</u>
Maintenance:						
POW 30	411040-43203	Street Maintenance Project	<u>1,274,634</u>	<u>-</u>	<u>(1,275,108)</u>	<u>(474)</u>
		Total Maintenance	<u>1,274,634</u>	<u>-</u>	<u>(1,275,108)</u>	<u>(474)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>3,560,966</u>	<u>22,169</u>	<u>(3,279,477)</u>	<u>303,658</u>
Completed Projects:						
Local Street Improvements:						
		Congestion Relief	9,682,210	13,096	(9,695,306)	-
		Maintenance	<u>4,320,700</u>	<u>4,644</u>	<u>(4,325,344)</u>	<u>-</u>
		Total Completed Projects	<u>14,002,910</u>	<u>17,740</u>	<u>(14,020,650)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 17,563,876</u>	<u>\$ 39,909</u>	<u>\$ (17,300,127)</u>	<u>\$ 303,658</u>

SCHEDULE C

CITY OF POWAY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020	
For Fiscal Year ended June 30, 2011	June 30, 2018	POW37/POW48	\$ 158,156	\$ -	\$ (130,353)	\$ -	\$ (27,803)	\$ 27,803	\$ 103,464	(a)(b)
For Fiscal Year ended June 30, 2012	June 30, 2019	POW48	6,369	-	-	-	(6,369)	6,369	6,369	(b)
For Fiscal Year ended June 30, 2013	June 30, 2020	POW48	30,310	-	-	-	(30,310)	30,310	30,310	(b)
For Fiscal Year ended June 30, 2014	June 30, 2021	POW48	17,672	-	-	-	(17,672)	17,672	17,672	(b)
For Fiscal Year ended June 30, 2015	June 30, 2022	POW48	20,336	-	-	-	(20,336)	20,336	20,336	
For Fiscal Year ended June 30, 2016	June 30, 2023	POW48	25,360	-	-	-	(25,360)	25,360	25,360	
For Fiscal Year ended June 30, 2017	June 30, 2024	POW48	32,998	-	-	-	(32,998)	32,998	32,998	
For Fiscal Year ended June 30, 2018	June 30, 2025	POW48	43,275	-	-	-	(43,275)	43,275	43,275	
For Fiscal Year ended June 30, 2019	June 30, 2026	POW48	17,464	-	-	-	(17,464)	17,464	17,464	
For Fiscal Year ended June 30, 2020	June 30, 2027	POW48	43,064	-	-	-	(43,064)	43,064	43,064	
For Fiscal Year ended June 30, 2021	June 30, 2028	POW48	364,319	-	-	-	(117,996)	364,319	-	
Interest Income			-	38,895	-	-	-	38,895	32,166	
Subtotal RTCIP Funds			759,323	38,895	(130,353)	-	(382,647)	667,865	372,478	
GASB 31 Market Value Adjustment			-	(1,060)	-	-	-	(1,060)	6,637	
Total RTCIP Funds			<u>\$ 759,323</u>	<u>\$ 37,835</u>	<u>\$ (130,353)</u>	<u>\$ -</u>	<u>\$ (382,647)</u>	<u>\$ 666,805</u>	<u>\$ 379,115</u>	

Note:

(a) The POW37 project is considered complete after the design phase. The City deemed the project too difficult and costly to proceed with construction.

(b) The POW48 project began construction in FY 2021.

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of San Diego, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$35,060,660. We selected \$9,067,200 (25.86%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We

documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. In total, two city departments charged labor and applied indirect costs to projects in the RTIP. The indirect cost rates charged by the departments ranged from 10.0% to 207.2% of direct labor. Total indirect costs included within projects in the RTIP were \$5,071,984 or 14.54% of total *TransNet* expenditures. The City's cost allocation plan has not been reviewed by a federal or state agency, nor has it been audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there were no non-*TransNet* activity separate from *TransNet* activity in Schedule A.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year’s Schedule A and ensured that all completed projects were reported in the current year’s Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$37,929,925
Less: debt service payment	<u>(139,661)</u>
Net estimated apportionment	37,790,264
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>11,337,079</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	9,192,856
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>9,192,856</u>
Fund balance under apportionment	<u>\$2,144,223</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$9,192,856	\$24,183,754	\$33,376,610
Maintenance	<u>-</u>	<u>3,743,752</u>	<u>3,743,752</u>
Totals	<u>\$9,192,856</u>	<u>\$27,927,506</u>	<u>\$37,120,362</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 27.20% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$294,491,949	\$20,510,218	\$315,002,167
Maintenance	120,568,801	1,978,749	122,547,550
Interest	<u>263,677</u>	<u>5,438,539</u>	<u>5,702,216</u>
Total local street and road revenue	<u>\$415,324,427</u>	<u>\$27,927,506</u>	<u>\$443,251,933</u>
30% of total local street and road revenue			\$132,975,580
Less maintenance expenditures incurred to date			<u>(120,568,801)</u>
Available maintenance funds			<u>\$ 12,406,779</u>
Cumulative percentage expended for maintenance			<u>27.20%</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:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2021</u>	<u>Interest Payment</u>
Commercial Paper	\$26,167,000	\$ -	\$ -	\$26,167,000	\$139,661

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
 - i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2021 divided by General Fund revenues as of June 30, 2018	<u>\$1,765,970,000</u>	<u>\$1,502,016,000</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Previously approved MOE base	\$25,854,722	\$191,311	\$1,029,903	\$27,075,936
Growth rate	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$16,288,475</u>	<u>\$120,526</u>	<u>\$648,839</u>	<u>\$17,057,840</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

	<u>Street and Road</u>	<u>Specialized Transportation Services</u>	<u>Transit Bus Subsidies</u>	<u>Total</u>
Current year local discretionary expenditures	\$30,838,827	\$191,311	\$1,231,725	\$32,261,863
Less MOE base year requirement	<u>(25,854,722)</u>	<u>(191,311)</u>	<u>(1,029,903)</u>	<u>(27,075,936)</u>
Excess MOE for the year ended June 30, 2021	<u>\$4,984,105</u>	<u>\$ -</u>	<u>\$201,822</u>	<u>\$5,185,927</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$4,485,644. We selected \$1,151,310 (25.67%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedures 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: 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 reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: The City allowed a developer credit of \$284,144 for purposes of complying with the RTCIP exaction fees and the *TransNet* Extension and Ordinance Section F. No exceptions were noted as a result of our procedures.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 22, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: No exceptions were noted as a result of our procedures.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

- 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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
May 18, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	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	220,381	1,302,529	-	(755,616)	-	767,294	
SD15	AIH.00001	Installation of City Owned Street Lights	437,676	650,000	-	(914,945)	-	172,731	
SD16A	21004805	Traffic Signals - Modifications/ Modernization	-	425,608	-	(181,852)	-	243,756	
SD16A	AIL.00002	Traffic Signal Interconnect Projects	240,946	500,000	-	(155,356)	-	585,590	
SD16A	AIL.00004	Traffic Signals - Citywide	132,986	839,392	-	(576,332)	-	396,046	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	96,528	800,000	-	(474,442)	-	422,086	
		Total SD16A Projects	470,460	2,565,000	-	(1,387,982)	-	1,647,478	
SD18	AIL.00001	Traffic Calming	345,056	500,000	-	(234,215)	-	610,841	
		Subtotal Congestion Relief	1,473,573	5,017,529	-	(3,292,758)	-	3,198,344	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Congestion Relief balance carried forward	<u>\$ 1,473,573</u>	<u>\$ 5,017,529</u>	<u>\$ -</u>	<u>\$ (3,292,758)</u>	<u>\$ -</u>	<u>\$ 3,198,344</u>	
SD23	ACA.00001	Drainage Projects	<u>(175,545)</u>	<u>5,313,936</u>	<u>-</u>	<u>(3,695,548)</u>	<u>-</u>	<u>1,442,843</u>	
SD32	S00841	Carroll Canyon Rd Sorrento Valley Road to I-805	<u>170,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,762</u>	
SD34	S00856	El Camino Real Road and Bridge Widening	<u>120,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,196</u>	<u>192,015</u>	(b)
SD38	S00863	Georgia St Bridge Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,721)</u>	<u>39,721</u>	<u>-</u>	(c)
SD49	AIG.00001	Median Installation	<u>520,371</u>	<u>652,673</u>	<u>-</u>	<u>(898,949)</u>	<u>-</u>	<u>274,095</u>	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	<u>145,627</u>	<u>350,367</u>	<u>-</u>	<u>(57,403)</u>	<u>-</u>	<u>438,591</u>	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
SD83	S00851	State Route 163 and Friars Road	<u>-</u>	<u>-</u>	<u>-</u>	<u>(184,530)</u>	<u>184,530</u>	<u>-</u>	(c)
SD90	S00905	SR163/Clairemont Mesa Blvd Interchange	<u>5,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,388</u>	
		Subtotal Congestion Relief	<u>2,260,995</u>	<u>11,334,505</u>	<u>-</u>	<u>(8,168,909)</u>	<u>295,447</u>	<u>5,722,038</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2021

MPOP ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Congestion Relief balance carried forward	\$ 2,260,995	\$ 11,334,505	\$ -	\$ (8,168,909)	\$ 295,447	\$ 5,722,038	
SD96	AID.00005	Street Resurfacing and Reconstruction	1,077,299	3,135,321	-	(3,634,068)	-	578,552	
SD99	AIE.00001	Bridge Rehabilitation	161,547	540,000	-	(625,818)	-	75,729	
SD102A	S11060	Otay Mesa Truck Route Phase 4	937,372	1,889,201	-	(2,322,356)	-	504,217	
SD129	S00915	University Avenue Mobility	-	-	-	(21,184)	21,184	-	(c)
SD137	S00913	Palm Avenue Roadway Improvements	-	-	-	(13,050)	13,050	-	(c)
SD164	S00880	Miramar Road / I-805 Easterly Ramps	-	97,595	-	-	-	97,595	
SD166	AIA.00001	Minor Bicycle Facilities	215,887	700,000	-	(290,358)	-	625,529	
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	-	100,000	-	(3,579)	-	96,421	
		Total SD166 Projects	215,887	800,000	-	(293,937)	-	721,950	
SD186	21002143	Administrative Expenses - Comptrollers	(4,774)	113,895	-	(109,121)	-	-	
SD186	21002273	Administrative Expenses - Engineering	(468)	235,765	-	(235,297)	-	-	
		Total SD186 Projects	(5,242)	349,660	-	(344,418)	-	-	
		Subtotal Congestion Relief	4,647,858	18,146,282	-	(15,423,740)	329,681	7,700,081	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Congestion Relief balance carried forward	<u>\$ 4,647,858</u>	<u>\$ 18,146,282</u>	<u>\$ -</u>	<u>\$ (15,423,740)</u>	<u>\$ 329,681</u>	<u>\$ 7,700,081</u>	
SD188	various	Congestion Relief /Traffic Signal Operations	<u>-</u>	<u>3,283,730</u>	<u>-</u>	<u>(3,283,730)</u>	<u>-</u>	<u>-</u>	
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	<u>45,357</u>	<u>5,017</u>	<u>-</u>	<u>(87,199)</u>	<u>36,825</u>	<u>-</u>	(c)
SD208	S00602	Juan Street - Concrete Street	<u>66,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,402)</u>	<u>-</u>	(b)(c)(d)
SD209	S00877	Torrey Pines Road Slope Reconstruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,006)</u>	<u>1,006</u>	<u>-</u>	(c)
SD226	S00870	Old Otay Road Westerly	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,133)</u>	<u>1,133</u>	<u>-</u>	(c)
SD235	S15023	Torrey Pine Road Improvement Phase 2	<u>-</u>	<u>24,983</u>	<u>-</u>	<u>(31,808)</u>	<u>6,825</u>	<u>-</u>	(c)
SD237	S00951	Coastal Rail Trail	<u>609,884</u>	<u>1,000,000</u>	<u>-</u>	<u>(592,254)</u>	<u>-</u>	<u>1,017,630</u>	
SD245	S16061	Market St-47th St to Euclid Complete St	<u>883,464</u>	<u>1,700,000</u>	<u>-</u>	<u>(2,418,941)</u>	<u>-</u>	<u>164,523</u>	
SD249	S18000	Steamview Drive Improvement Phase 2	<u>352,213</u>	<u>200,000</u>	<u>-</u>	<u>(302,245)</u>	<u>-</u>	<u>249,968</u>	
SD250	S15018	La Media Road Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,500)</u>	<u>-</u>	<u>(24,500)</u>	(e)
SD252	S18001	University Ave Complete Street Phase 1	<u>(185,124)</u>	<u>200,000</u>	<u>-</u>	<u>(27,125)</u>	<u>-</u>	<u>(12,249)</u>	(e)
		Commercial Paper Debt Services	<u>-</u>	<u>139,661</u>	<u>-</u>	<u>(139,661)</u>	<u>-</u>	<u>-</u>	
		Interest income - Congestion Relief 70%	<u>65,067</u>	<u>-</u>	<u>132,708</u>	<u>-</u>	<u>(100,372)</u>	<u>97,403</u>	(c)
		Total Congestion Relief	<u>6,485,121</u>	<u>24,699,673</u>	<u>132,708</u>	<u>(22,333,342)</u>	<u>208,696</u>	<u>9,192,856</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
Maintenance:									
SD176	13000768	Maintenance	\$ -	\$ 10,384,902	\$ -	\$ (10,384,902)	\$ -	\$ -	
		Interest income - Maintenance 30%	-	-	-	-	-	-	
		Total Maintenance	-	10,384,902	-	(10,384,902)	-	-	
		Total Local Street Improvements	32,652,121	35,152,175	132,708	(32,785,844)	208,696	35,359,856	
Active Transportation:									
SD259	1000530-2018	Move Free SD Education, Encouragement, and Awareness Campaign	\$ (32,073)	\$ 21,810	\$ -	\$ (1,097)	\$ -	\$ (11,360)	(f)
		Total Active Transportation	(32,073)	21,810	-	(1,097)	-	(11,360)	
Smart Growth:									
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	(377,718)	842,237	-	(464,519)	-	-	(g)
SD253	1000529-2018	Clairemont TOD Design Concepts	(104,907)	143,726	-	(110,623)	-	(71,804)	(f)
SD254	1000527-2018	College Area Smart Growth Study	(122,999)	110,691	-	(143,247)	-	(155,555)	(f)
SD255	5005471	E Street Greenway Master Plan	(25,760)	22,015	-	(15,667)	-	(19,412)	(f)
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	(148,268)	159,279	-	(86,111)	-	(75,100)	(f)
SD257	1000528-2018	University Community Smart Growth Concept Study	(183,426)	148,157	-	(89,438)	-	(124,707)	(f)
		Subtotal Smart Growth	(963,078)	1,426,105	-	(909,605)	-	(446,578)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
		Smart Growth balance carried forward	\$ (963,078)	\$ 1,426,105	\$ -	\$ (909,605)	\$ -	\$ (446,578)	
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	(304,368)	485,174	-	(1,061,851)	-	(881,045)	(f)
SD261	5005485	Downtown San Diego Wayfinding Signage - Cycle Network	(24,776)	50,268	-	(74,870)	-	(49,378)	(f)
SD262	5005486	East Village Green Park Phase 1	(5,522)	43,464	-	(44,549)	-	(6,607)	(f)
		Total Smart Growth	(1,297,744)	2,005,011	-	(2,090,875)	-	(1,383,608)	
		Environmental Mitigation:							
VO8	1000531-2018	Otay Res Cactus Wren	\$ (2,803)	\$ 18,455	\$ -	\$ (42,881)	\$ -	\$ (27,229)	(f)
VO8	1000532-2018	San Pasq Cactus Wren	(8,629)	6,422	-	(30,084)	-	(32,291)	(f)
VO8	1000534-2018	Navajo Canyon Cactus	(19,016)	57,853	-	(38,837)	-	-	(g)
VO8	1000535-2018	Vernal Pool Habitat - Otay Mesa	(1,119)	69,910	-	(68,791)	-	-	(g)
VO8	1000536-2018	EMP Florida Canyon Habitat	(41,066)	43,317	-	(2,251)	-	-	(g)
		Total Environmental Mitigation	(72,633)	195,957	-	(182,844)	-	(59,520)	
		Total <i>TransNet</i> Extension	\$ 31,249,671	\$ 37,374,953	\$ 132,708	\$ (35,060,660)	\$ 208,696	\$ 33,905,368	
		GASB 31 Market Value Adjustment	568,425	-	(543,206)	-	-	25,219	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 31,818,096	\$ 37,374,953	\$ (410,498)	\$ (35,060,660)	\$ 208,696	\$ 33,930,587	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	Notes
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Notes:

- (a) Proceeds from the Commercial Paper were subsequently transferred as an interfund loan for the West Mission Bay Blvd Bridge Project. The Commercial Paper principal will be returned to SANDAG after the expenditures for this project have been reimbursed by the Federal grant.
- (b) Prior year expenditures were reclassified to other funding sources or grants in FY21.
- (c) City Council approval obtained for the transfer of funds per Resolution R-313809 on December 09, 2021. MPO ID transfers of \$203,902 from completed SD208 was transferred to SD38 & SD83. The remaining MPO ID shortfalls were covered with \$100,372 from interest earnings.
- (d) Project is complete.
- (e) FY22 draws will provide coverage for MPO ID projects with negative balances as of June 30, 2021.
- (f) Negative grant balance as of June 30, 2021 covered by grant reimbursement in FY22 or withheld retention to be released when the project is completed.
- (g) Grant is complete.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	\$ 608,400	\$ -	\$ (608,400)	\$ -
		Total Congestion Relief - Pass-Through	<u>608,400</u>	<u>-</u>	<u>(608,400)</u>	<u>-</u>
Congestion Relief - Commercial Paper:						
SD70	S00871	Commercial paper	<u>26,167,000</u>	<u>-</u>	<u>-</u>	<u>26,167,000</u>
		Total Congestion Relief - Commercial Paper	<u>26,167,000</u>	<u>-</u>	<u>-</u>	<u>26,167,000</u>
Congestion Relief:						
SD09	AIK.00001	New Walkways	<u>11,834,682</u>	<u>(8,383)</u>	<u>(11,059,005)</u>	<u>767,294</u>
SD15	AIH.00001	Installation of City Owned Street Lights	<u>3,214,638</u>	<u>(4,702)</u>	<u>(3,037,205)</u>	<u>172,731</u>
SD16A	21004805	Traffic Signals - Modifications/modernization	532,107	-	(288,351)	243,756
SD16A	AIL.00002	Traffic Signal Interconnect Projects	2,539,290	(1,572)	(1,952,128)	585,590
SD16A	AIL.00004	Traffic Signals - Citywide	6,254,404	(4,826)	(5,853,532)	396,046
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	<u>7,745,230</u>	<u>(3,471)</u>	<u>(7,319,673)</u>	<u>422,086</u>
		Total SD16A Projects	<u>17,071,031</u>	<u>(9,869)</u>	<u>(15,413,684)</u>	<u>1,647,478</u>
SD18	AIL.00001	Traffic Calming	<u>4,850,068</u>	<u>(2,224)</u>	<u>(4,237,003)</u>	<u>610,841</u>
		Subtotal Congestion Relief	<u>36,970,419</u>	<u>(25,178)</u>	<u>(33,746,897)</u>	<u>3,198,344</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Congestion Relief balance carried forward	\$ 36,970,419	\$ (25,178)	\$ (33,746,897)	\$ 3,198,344
SD19	S00864	Streamview Drive	3,434,128	(2,862)	(3,431,266)	-
SD23	ACA.00001	Drainage Projects	12,869,512	(1,690)	(11,424,979)	1,442,843
SD29	S00845	43rd Street Widening	2,574,998	-	(2,574,998)	-
SD32	S00841	Carroll Canyon Rd Sorrento Valley Road to I-805	170,762	-	-	170,762
SD34	S00856	El Camino Real Road and Bridge Widening	825,190	2,965	(636,140)	192,015
SD38	S00863	Georgia St Bridge Improvements	2,457,522	916	(2,458,438)	-
SD49	AIG.00001	Median Installation	4,156,719	(4,375)	(3,878,249)	274,095
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	1,319,652	1,817	(882,878)	438,591
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	2,195,329	(1,394)	(2,193,935)	-
SD83	S00851	State Route 163 and Friars Road	31,575,616	(27,402)	(31,548,214)	-
		Subtotal Congestion Relief	98,549,847	(57,203)	(92,775,994)	5,716,650

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Congestion Relief balance carried forward	\$ 98,549,847	\$ (57,203)	\$ (92,775,994)	\$ 5,716,650
SD90	S00905	SR163/Clairemont Mesa Blvd Interchange	8,323,823	(10,234)	(8,308,201)	5,388
SD96	AID.00005	Street Resurfacing and Reconstruction	32,026,148	-	(31,447,596)	578,552
SD99	AIE.00001	Bridge Rehabilitation	3,094,752	(492)	(3,018,531)	75,729
SD102A	S11060	Otay Mesa Truck Route Phase 4	5,614,758	-	(5,110,541)	504,217
SD106	S00839	Mission Beach Boardwalk Bulkhead	487,762	-	(487,762)	-
SD129	S00915	University Avenue Mobility	1,751,769	(1,380)	(1,750,389)	-
SD137	S00913	Palm Avenue Roadway Improvements	4,367,364	(1,627)	(4,365,737)	-
SD164	S00880	Miramar Road / I-805 Easterly Ramps	160,870	15,385	(78,660)	97,595
SD166	AIA.00001	Minor Bicycle Facilities	2,468,703	(171)	(1,843,003)	625,529
SD166	21004803	Minor Bicycle Facilities (Non-Capital)	100,000	-	(3,579)	96,421
		Total SD166 Projects	2,568,703	(171)	(1,846,582)	721,950
SD186	21002143	Administrative Expenses - Comptrollers	1,120,561	2,320	(1,122,881)	-
SD186	21002273	Administrative Expenses - Engineering	2,272,220	431	(2,272,651)	-
		Total SD186 Projects	3,392,781	2,751	(3,395,532)	-
		Subtotal Congestion Relief	160,338,577	(52,971)	(152,585,525)	7,700,081

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Congestion Relief balance carried forward	\$ 160,338,577	\$ (52,971)	\$ (152,585,525)	\$ 7,700,081
SD188	various	Congestion Relief /Traffic Signal Operations	28,866,434	39,944	(28,906,378)	-
SD200	S14009	SR56 / Euclid Avenue Interchange Phase 2	3,091,842	-	(3,091,842)	-
SD208	S00602	Juan Street - Concrete Street	1,929,235	-	(1,929,235)	-
SD209	S00877	Torrey Pines Road Slope Reconstruction	1,155,991	18,448	(1,174,439)	-
SD226	S00870	Old Otay Mesa Road - Westerly	9,691,926	10,213	(9,702,139)	-
SD235	S15023	Torrey Pine Road Improvement Phase 2	1,538,301	108,738	(1,647,039)	-
SD237	S00951	Coastal Rail Trail	2,850,000	-	(1,832,370)	1,017,630
SD245	S16061	Market St-47th St to Euclid Complete St	3,053,228	-	(2,888,705)	164,523
SD249	S18000	Steamview Drive Improvement Phase 2	1,010,000	-	(760,032)	249,968
SD250	S15018	La Media Road Improvements	-	-	(24,500)	(24,500)
SD252	S18001	University Ave Complete Street Phase 1	450,000	-	(462,249)	(12,249)
		Commercial Paper Debt Services	142,568	-	(142,568)	-
		Interest Income - Congestion Relief	-	97,403	-	97,403
		Total Congestion Relief	214,118,102	221,775	(205,147,021)	9,192,856

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
		Maintenance:				
SD176	13000768	Maintenance	\$ 114,518,401	\$ -	\$ (114,518,401)	\$ -
		Interest Income - Maintenance	-	-	-	-
		Total Maintenance	114,518,401	-	(114,518,401)	-
		Total Local Street Improvements	355,411,903	221,775	(320,273,822)	35,359,856
		Active Transportation:				
SD259	1000530-2018	Move Free SD Education, Encouragement, and Awareness Campaign	92,366	-	(103,726)	(11,360)
		Total Active Transportation	92,366	-	(103,726)	(11,360)
		Smart Growth:				
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	999,999	-	(999,999)	-
SD253	1000529-2018	Clairemont TOD Design Concepts	290,524	-	(362,328)	(71,804)
SD254	1000527-2018	College Area Smart Growth Study	110,777	-	(266,332)	(155,555)
SD255	5005471	E Street Greenway Master Plan	75,585	-	(94,997)	(19,412)
SD256	1000525-2018	Mira Mesa Transit Oriented Development Concept Plan	395,421	-	(470,521)	(75,100)
SD257	1000528-2018	University Community Smart Growth Concept Study	317,430	-	(442,137)	(124,707)
SD260	1000493-2018	Downtown Mobility Cycle Way Improvement Phase I & II	1,234,725	-	(2,115,770)	(881,045)
SD261	5005485	Downtown San Diego Wayfinding Signage Cycle Network	68,016	-	(117,394)	(49,378)
SD262	5005486	East Village Green Park Phase 1	44,884	-	(51,491)	(6,607)
		Total Smart Growth	3,537,361	-	(4,920,969)	(1,383,608)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
Environmental Mitigation:						
V08	1000531-2018	Otay Res Cactus When	\$ 37,956	\$ -	\$ (65,185)	\$ (27,229)
V08	1000532-2018	San Pasq Cactus Wren	17,699	-	(49,990)	(32,291)
V08	1000534-2018	Navajo Canyon Cactus	79,727	-	(79,727)	-
V08	1000535-2018	Vernal Pool Habitat - Otay Mesa	79,986	-	(79,986)	-
V08	1000536-2018	EMP Florida Canyon Habitat	<u>43,317</u>	<u>-</u>	<u>(43,317)</u>	<u>-</u>
Total Environmental Mitigation			<u>258,685</u>	<u>-</u>	<u>(318,205)</u>	<u>(59,520)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>359,300,315</u>	<u>221,775</u>	<u>(325,616,722)</u>	<u>33,905,368</u>
Completed Projects:						
Major Corridor			3,774,000	35,001	(3,809,001)	-
LSI-Congestion Relief			53,598,447	6,901	(53,605,348)	-
LSI-Maintenance			6,050,400	-	(6,050,400)	-
Bikes and Pedestrian			1,543,659	-	(1,543,659)	-
Smart Growth			5,380,859	-	(5,380,859)	-
Environmental Mitigation			<u>153,274</u>	<u>-</u>	<u>(153,274)</u>	<u>-</u>
Total Completed Projects			<u>70,500,639</u>	<u>41,902</u>	<u>(70,542,541)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 429,800,954</u>	<u>\$ 263,677</u>	<u>\$ (396,159,263)</u>	<u>\$ 33,905,368</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed June 30, 2021	June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	various	\$ 3,766,865	\$ 58,628	\$ (3,825,493)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2015	June 30, 2022	various	4,291,606	48,891	(4,340,497)	-	-	-	-
For Fiscal Year ended June 30, 2016	June 30, 2023	various	8,067,505	222,436	(8,289,941)	-	-	-	-
For Fiscal Year ended June 30, 2017	June 30, 2024	various	6,897,302	140,438	(7,037,740)	-	-	-	2,997,340
For Fiscal Year ended June 30, 2018	June 30, 2025	various	6,311,935	130,648	(1,488,304)	-	4,954,279	4,954,279	6,442,583
For Fiscal Year ended June 30, 2019	June 30, 2026	various	5,300,604	-	-	-	5,300,604	5,300,604	5,300,604
For Fiscal Year ended June 30, 2020	June 30, 2027	various	4,563,070	-	-	-	4,563,070	4,563,070	4,563,070
For Fiscal Year ended June 30, 2021	June 30, 2028	various	7,643,260	-	-	-	3,611,010	7,643,260	-
Interest Income			-	1,227,706	-	-	-	1,227,706	821,727
Total RTCIP Funds			\$ 46,842,147	\$ 1,828,747	\$ (24,981,975)	\$ -	\$ 18,428,963	\$ 23,688,919	\$ 20,125,324

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of San Marcos, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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. As such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether 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 reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY21.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY21.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of the check or EFT wire).
- Results: The City recorded total *TransNet* expenditures in the amount of \$4,581,720. We selected \$2,899,078 (63.27%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above), and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.
- Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.
- Results: This procedure is not applicable as payroll expenditures did not exceed 20% of total expenditures.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects including in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments made during FY21.

- 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, 2021.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.
7. We obtained from the recipient agency Schedule B, which includes cumulative information for all *TransNet* Extension projects, including *TransNet* funds received expenditures, interest income (either listed by project or program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments present on Schedule A for the fiscal year ended June 30, 2021.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$2,554,252
Less: debt service payment	<u>(628,541)</u>
Net estimated apportionment	1,925,711
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>577,713</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(236,106)
Maintenance fund balance	<u>22,226</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(213,880)</u>
Fund balance under apportionment	<u>\$791,593</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(236,106)	\$ 4,738,450	\$4,502,344
Maintenance	<u>22,226</u>	<u>4,621,966</u>	<u>4,644,192</u>
Totals	<u>\$(213,880)</u>	<u>\$9,360,416</u>	<u>\$9,146,536</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The City has expended 8.53% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$30,500,719	\$4,048,389	\$34,549,108
Maintenance	3,738,035	4,334,818	8,072,853
Interest	<u>37,932</u>	<u>977,212</u>	<u>1,015,144</u>
 Total local street and road revenue	 <u>\$34,276,686</u>	 <u>\$9,360,419</u>	 <u>\$43,637,105</u>
 30% of total local street and road revenue			 \$13,091,132
Less maintenance expenditures incurred to date			<u>(3,723,704)</u>
 Available maintenance funds			 <u>\$9,367,428</u>
 Cumulative percentage expended for maintenance			 <u>8.53%</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: The results are summarized below:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2021</u>	<u>Interest Payments</u>	<u>Total Principal and Interest Payments</u>
2010 Series A Bonds	\$15,139,627	\$ -	\$ -	\$15,139,627	\$601,426	\$601,426
2014 Series A Bonds	80,000	-	(80,000)	-	(6,160)	(6,160)
2019 Series A Bonds	945,000	80,000	-	1,025,000	33,275	33,275

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
 - i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.
- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30, and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$87,011,814</u>	<u>\$70,605,896</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$4,893,432
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$3,082,862</u>

13. We reviewed the MOE requirement.
- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
 - b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained a notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included the adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
 - c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendation section of this report. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$4,304,235
Less MOE base year requirement	<u>(4,893,432)</u>
Amount over (under) MOE requirement for the year ended June 30, 2021	<u>\$(589,197)</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$1,555,800. We selected \$509,031 (32.72%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.v.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not have payroll expenditures that exceeded 20% of total RTCIP expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 18, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

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 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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2021

(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	\$4,304,235
Less MOE base year requirement	<u>(4,893,432)</u>
Excess (shortfall) MOE for the year ended June 30, 2021	<u>\$(589,197)</u>

TransNet Extension Ordinance Section 8 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 in order to meet its MOE requirement.

Management Response

The City had unanticipated project delays and interruptions due to COVID-19, resulting in a shortfall of budgeted discretionary funds sufficient to meet the MOE requirement. However, the City stated that there had been a recent pickup in construction and the appropriation of additional discretionary funds in FY22 to allow the City to meet its MOE requirements.

In accordance with Section 8 of the *TransNet* Extension Ordinance, the City of San Marcos has requested that the commission review and approve a request to allow the City to make up the shortfall by June 30, 2024. This request was formally made on March 1, 2022. The request was approved on the following dates:

Independent Taxpayer Oversight Committee March 9, 2022
SANDAG Transportation Committee April 15, 2022
SANDAG Board of Directors April 22, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SAN MARCOS, CALIFORNIA

TransNet and *TransNet* Extension Activities

Schedule of Status of Funds by Project

Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
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	(10,208)	13,574	-	(6,707)	-	(3,341)	(a)
SM31	88265	Discovery Street Improvements	(348,249)	1,560,353	-	(1,212,103)	-	1	
SM32	88264	Via Vera Cruz Bridge and Street Improvement	(270,357)	1,411,860	-	(1,187,815)	-	(46,312)	(a)
SM48	88505	SM Creek Specific Plan	54	-	-	-	-	54	
SM56	88263	Bent Ave Bridge and Street Improvement	(389,065)	1,114,626	-	(638,161)	-	87,400	
SM59	86009	Annual Street Overlay Project	(109)	25,420	-	(25,284)	-	27	
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	-	3,015	-	(131,362)	-	(128,347)	(a)
SM67	86002	San Marcos Blvd at Discovery St	(71,157)	-	-	(42,009)	-	(113,166)	(b)
SM68	88532	Traffic Management System Enhancement	-	638,295	-	(684,607)	-	(46,312)	(a)
		2010 Series A Bonds Debt Service	-	601,426	-	(601,426)	-	-	
		2014 Series A Bonds	-	(6,160)	-	6,160	-	-	
		2019 Series A Bonds	-	33,275	-	(33,275)	-	-	
		Subtotal Congestion Relief	(1,089,091)	5,395,684	-	(4,556,589)	-	(249,996)	
		Interest Income	13,890	-	-	-	-	13,890	
		Total Congestion Relief	(1,075,201)	5,395,684	-	(4,556,589)	-	(236,106)	
Maintenance:									
SM71	TR006	Cycle Track on TOVR near Double Peak K-8	-	14,331	-	(14,331)	-	-	
		Interest Income	22,226	-	-	-	-	22,226	
		Total Maintenance	22,226	14,331	-	(14,331)	-	22,226	
		Total Local Street Improvements	(1,052,975)	5,420,815	-	(4,581,720)	-	(213,880)	
		Total <i>TransNet</i> Extension	\$ (1,052,975)	\$ 5,420,815	\$ -	\$ (4,581,720)	\$ -	\$ (213,880)	

Notes:

(a) The City will request drawdown from programmed funds in FY22.

(b) This is currently a future project in ProjectTrak. Once a formal amendment is opened and the project updated, a drawdown will occur.

SCHEDULE B

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 86,400	\$ -	\$ (86,400)	\$ -
		Total Congestion Relief - Pass-Through	<u>86,400</u>	<u>-</u>	<u>(86,400)</u>	<u>-</u>
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	141,803	-	(145,144)	(3,341)
SM31	88265	Discovery Street Improvements	3,954,800	-	(3,954,799)	1
SM32	88264	Via Vera Cruz Bridge and Street Improvement	1,731,462	-	(1,777,774)	(46,312)
SM48	88505	SM Creek Specific Plan	2,771,657	-	(2,771,603)	54
SM56	88263	Bent Ave Bridge and Street Improvement	1,324,723	-	(1,237,323)	87,400
SM59	86009	Annual Street Overlay Project	138,527	-	(138,500)	27
SM63	TR001	Rancho Santa Fe and Grandon Traffic Signal Mod	3,015	-	(131,362)	(128,347)
SM67	86002	San Marcos Blvd at Discovery St	-	-	(113,166)	(113,166)
SM68	88532	Traffic Management System Enhancement	638,295	-	(684,607)	(46,312)
		2010 Series A Bonds Debt Service	6,307,606	-	(6,307,606)	-
		2014 Series A Bonds	275,570	-	(275,570)	-
		2019 Series A Bonds	<u>48,347</u>	<u>-</u>	<u>(48,347)</u>	<u>-</u>
		Subtotal Congestion Relief	17,335,805	-	(17,585,801)	(249,996)
		Interest Income	<u>-</u>	<u>13,890</u>	<u>-</u>	<u>13,890</u>
		Total Congestion Relief	<u>17,335,805</u>	<u>13,890</u>	<u>(17,585,801)</u>	<u>(236,106)</u>
Maintenance:						
SM71	TR006	Cycle Track on TOVR near Double Peak K-8	<u>14,331</u>	<u>-</u>	<u>(14,331)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>22,226</u>	<u>-</u>	<u>22,226</u>
		Total Maintenance	<u>14,331</u>	<u>22,226</u>	<u>(14,331)</u>	<u>22,226</u>
		Total Local Street Improvements	<u>17,436,536</u>	<u>36,116</u>	<u>(17,686,532)</u>	<u>(213,880)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>17,436,536</u>	<u>36,116</u>	<u>(17,686,532)</u>	<u>(213,880)</u>

(Continued)

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Completed projects:				
		Congestion Relief	\$ 13,078,514	\$ 148	\$ (13,078,662)	\$ -
		Maintenance	3,723,704	-	(3,723,704)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Senior Mini-Grant	34,992	-	(34,992)	-
		Smart Growth	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>
		Total Completed Projects	<u>18,786,151</u>	<u>1,816</u>	<u>(18,787,967)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 18,786,151</u>	<u>\$ 1,816</u>	<u>\$ (18,787,967)</u>	<u>\$ (213,880)</u>

SCHEDULE C

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed June 30 2021	June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2010	June 30, 2017	SM31/SM42	\$ 2,040	\$ 127	\$ (2,167)	\$ -	\$ -	\$ -	\$ 2,147
For Fiscal Year ended June 30, 2011	June 30, 2018	SM31/SM42	93,760	3,919	(97,679)	-	-	-	97,679
For Fiscal Year ended June 30, 2012	June 30, 2019	SM31/SM42	82,797	2,672	(85,469)	-	-	-	85,469
For Fiscal Year ended June 30, 2013	June 30, 2020	SM31/SM42	1,155,830	15,387	(1,171,217)	-	-	-	1,171,217
For Fiscal Year ended June 30, 2014	June 30, 2021	SM31/SM42	11,045	140	(11,185)	-	-	-	11,185
For Fiscal Year ended June 30, 2015	June 30, 2022	SM31/SM42	166,795	991	(167,786)	-	-	-	167,786
For Fiscal Year ended June 30, 2016	June 30, 2023	SM31/SM42	364,168	-	(20,317)	-	-	343,851	364,168
For Fiscal Year ended June 30, 2017	June 30, 2024		874,955	-	-	-	-	874,955	874,955
For Fiscal Year ended June 30, 2018	June 30, 2025		1,345,318	-	-	-	-	1,345,318	1,345,318
For Fiscal Year ended June 30, 2019	June 30, 2026		466,033	-	-	-	-	466,033	466,033
For Fiscal Year ended June 30, 2020	June 30, 2027		890,385	-	-	-	-	890,385	890,385
For Fiscal Year ended June 30, 2021	June 30, 2028		328,796	-	-	-	-	328,796	-
Interest Income			-	357,184	-	-	-	357,184	291,560
Total RTCIP Funds			\$ 5,781,922	\$ 380,420	\$ (1,555,820)	\$ -	\$ -	\$ 4,606,522	\$ 5,767,902

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Santee, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether 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 reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of the check or EFT wire).

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$369,035. We selected \$303,271 (82.18%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above), and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures, excluding those related to debt service activities for the fiscal year ended June 30, 2021.

- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost

rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. The City charges indirect costs at the rate of 22.8% of direct salary and benefit costs associated with each project. The City allocated a total of \$15,008 in indirect costs to the *TransNet* program, resulting in 4.07% of indirect costs compared to total *TransNet* expenditures less debt service. The City does not have a formal written indirect cost plan. The City's indirect cost allocation is reviewed internally and updated annually. The City's indirect cost allocation has not been reviewed by a federal or state agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY21.

- 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, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as there was no non-*TransNet* activity on Schedule A in FY21.

7. We obtained from the recipient agency Schedule B, which includes cumulative information for all *TransNet* Extension projects, including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included within Schedule A in FY21.

- c. We identified any completed projects reported in the prior year’s Schedule A and ensured that all completed projects were reported in the current year’s Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$1,587,321
Less: debt service payment	<u>(653,572)</u>
Net estimated apportionment	933,749
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>280,125</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(15,212)
Maintenance fund balance	<u>979</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(14,233)</u>
Fund balance under apportionment	<u>\$ 294,358</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are reflected on the following page:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(15,212)	\$(916,936)	\$ (932,148)
Maintenance	<u>979</u>	<u>2,150,041</u>	<u>2,151,020</u>
Totals	<u>\$(14,233)</u>	<u>\$1,233,105</u>	<u>\$1,218,872</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 9.98% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$27,939,240	\$(1,089,496)	\$26,849,744
Maintenance	3,370,505	2,089,738	5,460,243
Interest	<u>2,670</u>	<u>232,863</u>	<u>235,537</u>
Total local street and road revenue	<u>\$31,312,415</u>	<u>\$1,233,105</u>	<u>\$32,545,520</u>
30% of total local street and road revenue			\$9,763,656
Less maintenance expenditures incurred to date			<u>(3,249,532)</u>
Available maintenance funds			<u>\$6,514,124</u>
Cumulative percentage expended for maintenance			<u>9.98%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	Balance July 1, 2020	Additions	Debt Refunding	Principal Adjustments	Principal Payments	Balance June 30, 2021	Interest Payments
2014 Bonds	\$3,632,500	\$ -	\$(2,870,000)	\$47,500	\$(190,000)	\$ 620,000	\$ 44,350
2019 Bonds	-	-	-	-	-	-	21,976
2020 Bonds	3,857,500	-	-	77,500	(310,000)	3,625,000	192,550
2021 Bonds	-	-	2,870,000	-	-	2,870,000	-
Total	<u>\$7,490,000</u>	<u>-</u>	<u>-</u>	<u>\$125,000</u>	<u>\$(500,000)</u>	<u>\$7,115,000</u>	<u>\$258,876</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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30, and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$54,220,535</u>	<u>\$42,775,163</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 0.63.

- 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, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$658,301
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$414,730</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained a notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included the adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$1,031,785
Less MOE base year requirement	<u>(658,301)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 373,484</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$39,019. We selected \$11,070 (28.37%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for the fiscal year ending June 30, 2021.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 10, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	CIP Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	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	2020-03	Citywide Pavement Repair & Rehab 2020	6	218,829	-	(218,835)	-	-	(a)
SNT04	2021-02	Citywide Pavement Repair & Rehab 2021	-	24,171	17	(39,400)	-	(15,212)	(b)
		Subtotal SNT04	6	243,000	17	(258,235)	-	(15,212)	
		2010 Series B Bonds Debt Service	-	-	-	-	-	-	(c)
		2014 Bonds Debt Service	-	191,914	-	(191,914)	-	-	
		2019 Bonds Debt Service	-	(57,933)	-	57,933	-	-	(c)
		2020 Bonds Debt Service	-	503,321	-	(503,321)	-	-	
		2021 Bonds Debt Service	-	16,270	-	(16,270)	-	-	
		Total Congestion Relief	6	896,572	17	(911,807)	-	(15,212)	
Maintenance:									
SNT22	2020-04	Citywide Slurry Seal & Roadway Maintenance 2020	(3,641)	107,021	20	(103,400)	-	-	(a)
SNT22	2021-03	Citywide Slurry Seal & Roadway Maintenance 2021	-	979	-	-	-	979	
		Total Maintenance	(3,641)	108,000	20	(103,400)	-	979	
		Total Local Street Improvements	(3,635)	1,011,972	37	(1,022,607)	-	(14,233)	
		Total <i>TransNet</i> Extension	(3,635)	1,011,972	37	(1,022,607)	-	(14,233)	
		GASB 31 Market Value Adjustment	-	-	2	-	-	2	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (3,635)	\$ 1,011,972	\$ 39	\$ (1,022,607)	\$ -	\$ (14,231)	

Notes:

- (a) Completed project.
- (b) Funding for this project will be drawn down in FY 2021-22.
- (c) Bonds refinanced. No remaining debt service.

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 66,600	\$ -	\$ (66,600)	\$ -
		Total Congestion Relief - Pass Through	<u>66,600</u>	<u>-</u>	<u>(66,600)</u>	<u>-</u>
Congestion Relief:						
SNT04	2020-03	Citywide Pavement Repair & Rehab 2020	231,705	6	(231,711)	-
SNT04	2021-02	Citywide Pavement Repair & Rehab 2021	<u>24,171</u>	<u>17</u>	<u>(39,400)</u>	<u>(15,212)</u>
		Subtotal SNT04	255,876	23	(271,111)	(15,212)
		2010 Series B Bonds Debt Service	5,649,855	-	(5,649,855)	-
		2014 Bonds Debt Service	2,175,425	-	(2,175,425)	-
		2019 Bonds Debt Service	(135)	-	135	-
		2020 Bonds Debt Service	650,098	-	(650,098)	-
		2021 Bonds Debt Service	<u>16,270</u>	<u>-</u>	<u>(16,270)</u>	<u>-</u>
		Total Congestion Relief	<u>8,747,389</u>	<u>23</u>	<u>(8,762,624)</u>	<u>(15,212)</u>
Maintenance:						
SNT22	2020-04	Citywide Slurry Seal & Roadway Maintenance 2020	121,216	20	(121,236)	-
SNT22	2021-03	Citywide Slurry Seal & Roadway Maintenance 2021	<u>979</u>	<u>-</u>	<u>-</u>	<u>979</u>
		Total Maintenance	<u>122,195</u>	<u>20</u>	<u>(121,236)</u>	<u>979</u>
		Total Local Street Improvements	<u>8,936,184</u>	<u>45</u>	<u>(8,950,460)</u>	<u>(14,233)</u>
Completed Projects						
		LSI - Congestion Relief	19,125,251	1,403	(19,126,654)	-
		LSI - Maintenance	3,248,310	1,222	(3,249,532)	-
		Commercial Paper Debt Service	3,979,674	-	(3,979,674)	-
		Bikes and Pedestrian	<u>423,141</u>	<u>-</u>	<u>(423,141)</u>	<u>-</u>
		Total Completed Projects	<u>26,776,376</u>	<u>2,625</u>	<u>(26,779,001)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 35,712,560</u>	<u>\$ 2,670</u>	<u>\$ (35,729,461)</u>	<u>\$ (14,233)</u>

SCHEDULE C

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2021	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	SNT23, SNT26	\$ 384,278	\$ 4,318	\$ (388,596)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	SNT23, SNT26	106,441	637	(107,078)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	SNT23, SNT26	275,865	-	(275,865)	-	-	-	
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	-	(54,100)	(38,182)	-	987,177	
For Fiscal Year ended June 30, 2019	June 30, 2026		255,798	-	-	-	-	255,798	
For Fiscal Year ended June 30, 2020	June 30, 2027		672,284	-	-	-	-	672,284	
For Fiscal Year ended June 30, 2021	June 30, 2028		258,688	-	-	-	-	258,688	
Interest Income			-	114,338	-	-	-	114,338	
Total RTCIP Funds			<u>\$ 3,261,442</u>	<u>\$ 119,293</u>	<u>\$ (1,054,268)</u>	<u>\$ (38,182)</u>	<u>\$ -</u>	<u>\$ 2,288,285</u>	<u>\$ 2,067,513</u>

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Solana Beach, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY21.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest income reported in Schedule A or within the general ledger for FY21.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures less debt service in the amount of \$120,723. We selected \$62,312 (51.62%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the City did not incur payroll expenditures for *TransNet* projects.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet*

program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included within the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: There is one project that has been inactive over the past two years. The City indicated that "Phase I of SB19 is now complete, and a final drawdown will be requested". The status of the project has been added to Schedule A.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: No exceptions were noted as a result of our procedures.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not

more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$472,744
Less: debt service payment	<u>(218,469)</u>
Net estimated apportionment	254,275
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>76,283</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(85,154)
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(85,154)</u>
Fund balance under apportionment	<u>\$161,437</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(85,154)	\$(644,674)	\$(729,828)
Maintenance	<u>-</u>	<u>1,411,767</u>	<u>1,411,767</u>
Totals	<u>\$(85,154)</u>	<u>\$ 767,093</u>	<u>\$ 681,939</u>

- 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 2.54% of cumulative local street and road revenue for maintenance as indicated below:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$10,337,074	\$(748,203)	\$ 9,588,871
Maintenance	289,587	1,371,040	1,660,627
Interest	<u>4,279</u>	<u>144,256</u>	<u>148,535</u>
Total local street and road revenue	<u>\$10,630,940</u>	<u>\$ 767,093</u>	<u>\$11,398,033</u>
30% of total local street and road revenue			\$3,419,410
Less maintenance expenditures incurred to date			<u>(289,587)</u>
Available maintenance funds			<u>\$3,129,823</u>
Cumulative percentage expended for maintenance			<u>2.54%</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, 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2021</u>	<u>Interest Payments</u>
2010 Series A Bonds	\$5,500,000	\$ -	\$ -	\$5,500,000	\$218,469

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$23,041,752</u>	<u>\$18,431,516</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 0.63.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$535,585
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$337,419</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.

- a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$1,461,900
Less MOE base year requirement	<u>(535,585)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 926,315</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ending June 30, 2021.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as there were no RTCIP expenditures for fiscal year ending June 30, 2021.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 18, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9362.17	Annual Pavement Management	\$ (1,830)	\$ -	\$ -	\$ -	\$ -	\$ (1,830)	(a)
SB16	9362.20	Annual Pavement Management	(29,180)	-	-	-	29,180	-	(b)
SB16	9362.21	Annual Pavement Management	-	70,000	-	(93,846)	-	(23,846)	(a)
		Total SB16 Projects	(31,010)	70,000	-	(93,846)	29,180	(25,676)	
SB19	9382.01	Lomas Santa Fe Corridor Study II	(2,500)	-	-	-	-	(2,500)	(a)(c)
SB19	9382.03	Lomas Santa Fe Corridor Study III	(33,958)	-	-	(26,296)	-	(60,254)	(a)
		Total SB19 Projects	(36,458)	-	-	(26,296)	-	(62,754)	
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations	-	-	-	(581)	-	(581)	(a)
		2010 Series A Bonds	-	218,469	-	(218,469)	-	-	
		Interest Income	3,857	-	-	-	-	3,857	
		Total Congestion Relief	(63,611)	288,469	-	(339,192)	29,180	(85,154)	
Maintenance:									
SB18		Pavement Maintenance	29,180	-	-	-	(29,180)	-	(b)
		Total Maintenance	29,180	-	-	-	(29,180)	-	
		Total Local Street Improvements	(34,431)	288,469	-	(339,192)	-	(85,154)	

(Continued)

SCHEDULE A

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
		Total <i>TransNet</i> Extension	\$ (34,431)	\$ 288,469	\$ -	\$ (339,192)	\$ -	\$ (85,154)	
		GASB 31 Fair Market Value Adjustment	-	-	-	-	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (34,431)	\$ 288,469	\$ -	\$ (339,192)	\$ -	\$ (85,154)	

Notes:

- (a) To clear the deficit balance, the City will request a drawdown in FY 21-22.
- (b) To close SB16 Proj# 9362.20 with zero balance, \$29,180 was transferred from SB18 to SB16 via Council Resolution 2021-020.
- (c) This phase of SB19 is now complete. City will request a final drawdown in FY 21-22 to remove the deficit.

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.17	Annual Pavement Management	\$ 416,492	\$ -	\$ (418,322)	\$ (1,830)
SB16	9362.20	Annual Pavement Management	123,567	-	(123,567)	-
SB16	9362.21	Annual Pavement Management	<u>70,000</u>	<u>-</u>	<u>(93,846)</u>	<u>(23,846)</u>
		Total SB16 Projects	<u>610,059</u>	<u>-</u>	<u>(635,735)</u>	<u>(25,676)</u>
SB19	9382.01	Lomas Santa Fe Corridor Study II	-	-	(2,500)	(2,500)
SB19	9382.03	Lomas Santa Fe Corridor Study III	<u>-</u>	<u>-</u>	<u>(60,254)</u>	<u>(60,254)</u>
		Total SB19 Projects	<u>-</u>	<u>-</u>	<u>(62,754)</u>	<u>(62,754)</u>
SB21	9538.21	Sidewalks and Associated Street Improvements At Various Locations	<u>-</u>	<u>-</u>	<u>(581)</u>	<u>(581)</u>
		2010 Series A Bonds	<u>2,364,009</u>	<u>-</u>	<u>(2,364,009)</u>	<u>-</u>
		Interest Income	<u>-</u>	<u>3,857</u>	<u>-</u>	<u>3,857</u>
		Total Congestion Relief	<u>2,974,068</u>	<u>3,857</u>	<u>(3,063,079)</u>	<u>(85,154)</u>
Maintenance:						
SB18		Pavement Maintenance	<u>125,350</u>	<u>-</u>	<u>(125,350)</u>	<u>-</u>
		Total Maintenance	<u>125,350</u>	<u>-</u>	<u>(125,350)</u>	<u>-</u>
		Total Local Street Improvements	<u>3,099,418</u>	<u>3,857</u>	<u>(3,188,429)</u>	<u>(85,154)</u>

(Continued)

SCHEDULE B

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 3,099,418	\$ 3,857	\$ (3,188,429)	\$ (85,154)
		Completed Projects				
		LSI - Congestion Relief	7,363,006	422	(7,363,428)	-
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	135,986	-	(135,986)	-
		Total Completed Projects	<u>7,663,229</u>	<u>422</u>	<u>(7,663,651)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	\$ <u>10,762,647</u>	\$ <u>4,279</u>	\$ <u>(10,852,080)</u>	\$ <u>(85,154)</u>

SCHEDULE C

CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Funds	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Committed at June 30, 2021	Cumulative Status	
								June 30, 2021	June 30, 2020
Year ended June 30, 2014	June 30, 2021	SB16	\$ 3,623	\$ -	\$ (3,623)	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2015	June 30, 2022	SB16	13,768	-	(13,768)	-	-	-	-
Year ended June 30, 2016	June 30, 2023	SB16	19,566	-	(18,812)	-	-	754	754
Year ended June 30, 2017	June 30, 2024		29,714	-	-	-	-	29,714	29,714
Year ended June 30, 2018	June 30, 2025		36,233	-	-	-	-	36,233	36,233
Year ended June 30, 2019	June 30, 2026		46,381	-	-	-	-	46,381	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	-
Interest Income			-	6,168	-	-	-	6,168	3,856
Subtotal RTCIP Funds			167,400	6,168	(36,203)	-	-	137,365	124,184
GASB 31 Market Value Adjustment			-	1,493	-	-	-	-	-
Total RTCIP Funds			\$ 167,400	\$ 7,661	\$ (36,203)	\$ -	\$ -	\$ 137,365	\$ 124,184

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the City of Vista, California's (City's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as the City did not have interest income to report on Schedule A in FY21.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$4,065,446. We selected \$1,925,372 (47.36%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet*

expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects on Schedule A in FY21.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years during FY21.

- 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 FY21.

- 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 within Schedule A.

- 7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not

more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$2,597,358
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,597,358
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>779,208</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(31,797)
Maintenance fund balance	<u>(143,728)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(175,525)</u>
Fund balance under apportionment	<u>\$ 954,733</u>

- 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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(31,797)	\$1,678,083	\$1,646,286
Maintenance	<u>(143,728)</u>	<u>1,780,242</u>	<u>1,636,514</u>
Totals	<u>\$(175,525)</u>	<u>\$3,458,325</u>	<u>\$3,282,800</u>

- 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 22.22% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$21,499,365	\$1,336,098	\$22,835,463
Maintenance	6,937,442	1,615,286	8,552,728
Interest	<u>(24,164)</u>	<u>506,941</u>	<u>482,777</u>
Total local street and road revenue	<u>\$28,412,643</u>	<u>\$3,458,325</u>	<u>\$31,870,968</u>
30% of total local street and road revenue			\$9,561,290
Less maintenance expenditures incurred to date			<u>(7,081,342)</u>
Available maintenance funds			<u>\$2,479,948</u>
Cumulative percentage expended for maintenance			<u>22.22%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 2024, 2025, and 2026.

a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.

- i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
- ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
Index as of June 30, 2021 divided by Index as of June 30, 2018	<u>91.96</u>	<u>146.60</u>	<u>0.63</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
- ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency’s annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency’s annual financial report as of June 30 of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2021</u>	<u>2018</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2021, divided by General fund revenues as of June 30, 2018	<u>\$100,224,452</u>	<u>\$81,453,030</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 0.63.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,703,364
Growth Rate	<u>0.63</u>
Adjusted MOE base as of June 30, 2021	<u>\$1,703,119</u>

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

- ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2021, is summarized as follows:

Current year local discretionary expenditures	\$3,512,043
Less MOE base year requirement	<u>(2,703,364)</u>
Excess MOE for the year ended June 30, 2021	<u>\$ 808,679</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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$89,924. We selected \$77,590 (86.28%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for fiscal year ending June 30, 2021.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 26, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The City did not include any administrative projects in the RTIP.

- 16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2021	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	327,334	18,811	-	(383,654)	-	(37,509)	(a)
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	7,511	-	-	-	-	7,511	
VISTA 55	8290	Pedestrian Mobility Sidewalks	11,354	20,563	-	(34,687)	-	(2,770)	(a)
		Interest Income	971	-	-	-	-	971	
		Total Congestion Relief	347,170	39,374	-	(418,341)	-	(31,797)	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	(3,626)	1,875,967	-	(2,016,171)	-	(143,830)	(a)
		Interest Income	102	-	-	-	-	102	
		Total Maintenance	(3,524)	1,875,967	-	(2,016,171)	-	(143,728)	
		Total Local Street Improvements	343,646	1,924,141	-	(2,443,312)	-	(175,525)	
Smart Growth Grants:									
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	(287,586)	287,586	-	-	-	-	(b)
VISTA 58/V10	TNSGG8289	Paseo Santa Fe Streetscapes Phase III	(679,339)	2,250,916	-	(1,571,577)	-	-	(b)
		Total Smart Growth Grants	(966,925)	2,538,502	-	(1,571,577)	-	-	

(Continued)

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2021</u>	<u>Notes</u>
		Bikes and Pedestrian							
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ (578,000)	\$ 57,288	\$ -	\$ (50,557)	\$ 201,269	\$ (370,000)	(c)(d)
		Total Bikes and Pedestrian	<u>(578,000)</u>	<u>57,288</u>	<u>-</u>	<u>(50,557)</u>	<u>201,269</u>	<u>(370,000)</u>	
		Total <i>TransNet</i> Extension	<u>\$ (1,201,279)</u>	<u>\$ 4,519,931</u>	<u>\$ -</u>	<u>\$ (4,065,446)</u>	<u>\$ 201,269</u>	<u>\$ (545,525)</u>	

Notes:

- (a) City will request reimbursement of programmed funds to eliminate negative balance.
- (b) Grant funding complete, project ongoing.
- (c) An adjustment of \$12,735 was made to correct PY over reported PY expenditures, and \$188,534 to correct under reported PY revenues.
- (d) Grant Complete. Deficit to be covered by final grant reimbursement request.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
VISTA 56	N/A	Regional Arterial Management Systems	\$ 70,400	\$ -	\$ (70,400)	\$ -
		Total Congestion Relief - Pass-Through	<u>70,400</u>	<u>-</u>	<u>(70,400)</u>	<u>-</u>
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	9,449,846	-	(9,487,355)	(37,509)
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	1,942,743	12,988	(1,948,220)	7,511
VISTA 55	8290	Pedestrian Mobility Sidewalks	290,778	3	(293,551)	(2,770)
		Interest Income	<u>-</u>	<u>971</u>	<u>-</u>	<u>971</u>
		Total Congestion Relief	<u>11,683,367</u>	<u>13,962</u>	<u>(11,729,126)</u>	<u>(31,797)</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	3,520,967	-	(3,664,797)	(143,830)
		Interest Income	<u>-</u>	<u>102</u>	<u>-</u>	<u>102</u>
		Total Maintenance	<u>3,520,967</u>	<u>102</u>	<u>(3,664,797)</u>	<u>(143,728)</u>
		Total Local Street Improvements	<u>15,274,734</u>	<u>14,064</u>	<u>(15,464,323)</u>	<u>(175,525)</u>
Smart Growth Grants:						
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ 2,000,000	\$ -	\$ (2,000,000)	\$ -
VISTA 58/V10	TNSGG8289	Paseo Santa Fe Streetscapes Phase III	<u>2,250,916</u>	<u>-</u>	<u>(2,250,916)</u>	<u>-</u>
		Total Smart Growth Grants	<u>4,250,916</u>	<u>-</u>	<u>(4,250,916)</u>	<u>-</u>

(Continued)

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
VISTA 54/V10	TNSGG	Bikes and Pedestrian				
		Paseo Santa Fe Streetscapes Phase II	\$ 3,330,000	\$ -	\$ (3,700,000)	\$ (370,000)
		Total Bikes and Pedestrian	<u>3,330,000</u>	<u>-</u>	<u>(3,700,000)</u>	<u>(370,000)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>22,855,650</u>	<u>14,064</u>	<u>(23,415,239)</u>	<u>(545,525)</u>
		Completed Projects:				
		LSI - Congestion Relief	9,745,598	(38,298)	(9,707,300)	-
		LSI - Maintenance	3,416,475	70	(3,416,545)	-
		Senior Mini Grants	554,261	-	(554,261)	-
		Smart Growth Grants	148,287	-	(148,287)	-
		Bikes and Pedestrian	<u>372,534</u>	<u>-</u>	<u>(372,534)</u>	<u>-</u>
		Total Completed Projects	<u>14,237,155</u>	<u>(38,228)</u>	<u>(14,198,927)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 37,092,805</u>	<u>\$ (24,164)</u>	<u>\$ (37,614,166)</u>	<u>\$ (545,525)</u>

SCHEDULE C

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2021

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2021	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2021	June 30, 2020
For Fiscal Year ended June 30, 2014	June 30, 2021	VISTA15/46	\$ 176,720	\$ 1,381	\$ (178,101)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2015	June 30, 2022	VISTA15/46	200,606	1,862	(202,468)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	VISTA15/46	214,830	-	(214,830)	-	-	-	
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	-	(300,762)	-	16,584	106,508	
For Fiscal Year ended June 30, 2019	June 30, 2026		2,148,210	-	-	-	2,148,210	2,148,210	
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	-	
Interest Income			-	177,288	-	-	177,288	119,968	
Total RTCIP Funds			3,969,302	180,531	(1,068,222)	-	3,081,611	2,863,584	
GASB 31 Market Value Adjustment			-	(50,762)	-	-	(50,762)	67,271	
Total RTCIP Funds			\$ 3,969,302	\$ 129,769	\$ (1,068,222)	\$ -	\$ 3,030,849	\$ 2,930,855	

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the County of San Diego, California's (County's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total *TransNet* expenditures in the amount of \$10,765,053. We selected \$3,755,620 (34.89%) 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 reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.
- vi. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.
- vii. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We

documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a Federal or State agency or audited by an independent certified public accounting firm (CPA).

Results: Indirect costs were allocated to the projects included in the RTIP, using an overhead ratio of total overhead costs to direct labor costs. Multiple rates were used due to different cost codes. A total of \$1,072,945 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 9.97% compared to total *TransNet* expenditures. The indirect cost rate has not been reviewed by a federal or state agency or audited by an independent CPA firm. The indirect cost rates are updated and reviewed on an annual basis by the County. The methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as the County did not have any amounts reflected in the Adjustment column.

- 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, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: SANDAG approved the reason for the inactivity on December 7, 2021.

- 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 reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending project status per Schedule A for those projects that were derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The County is in compliance with the 30% requirement as follows:

Fiscal year 2021 apportionment	\$17,153,635
Less: debt service payment	<u>(1,322,291)</u>
Net estimated apportionment	15,831,344
30% base	<u>30%</u>
Fiscal year 2021 30% threshold	<u>4,749,403</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	2,818,934
Maintenance fund balance	<u>441,537</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,260,471</u>
Fund balance under apportionment	<u>\$1,488,932</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 2021 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2021 are as follows:

	Funds Held <u>by County</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$2,818,934	\$(3,125,303)	\$ (306,369)
Maintenance	<u>441,537</u>	<u>55,488,409</u>	<u>55,929,946</u>
Totals	<u>\$3,260,471</u>	<u>\$52,363,106</u>	<u>\$55,623,577</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency’s plan to cure the excess.

Results: The County has expended 5.14% of cumulative local street and road revenue for maintenance as indicated as follows:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$141,576,322	\$(6,252,243)	\$135,324,079
Maintenance	10,226,090	54,413,007	64,639,097
Interest	<u>1,752,260</u>	<u>4,202,342</u>	<u>5,954,602</u>
Total local street and road revenue	<u>\$153,554,672</u>	<u>\$52,363,106</u>	<u>\$205,917,778</u>
30% of total local street and road revenue			\$ 61,775,333
Less maintenance expenditures incurred to date			<u>(10,584,476)</u>
Available maintenance funds			<u>\$ 51,190,857</u>
Cumulative percentage expended for maintenance			<u>5.14%</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, 2020</u>	<u>Adjustment</u>	<u>Principal Payments</u>	<u>Balance June 30, 2021</u>	<u>Interest Payments</u>
2008 Bonds	\$15,153,610	\$ (297)	\$ -	\$15,153,313	\$ 596,661
2012 Bonds	<u>1,174,090</u>	<u>-</u>	<u>(661,869)</u>	<u>512,221</u>	<u>63,761</u>
Total	\$16,327,700	\$ (297)	\$ (661,869)	\$15,665,534	\$ 660,422

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 2024, 2025, and 2026.

- a. We obtained the Construction Cost Index for June 30, 2021 from SANDAG.
 - i. We calculated the growth rate in the Construction Cost Index for the prior MOE base period over the Construction Cost Index as of June 30, 2021.
 - ii. The calculation of the growth rate of the Construction Cost Index would involve determining the percentage change of the index by taking the Index as of June 30, 2021 and dividing it by the Index at June 30, 2018, of the previously approved MOE base period.

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2021.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2021, over the amount of General Fund revenues as of June 30, 2018, of the previously approved MOE base period.
 - ii. The calculation of the growth rate would involve determining the percentage change of the General Fund revenues by taking total General Fund revenues, as reported in the recipient agency's annual financial report as of June 30 and dividing it by total General Fund revenues as reported in the recipient agency's annual financial report as of June 30 of the previously approved MOE based period.
- 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.
- d. We applied the growth rate selected in (c) above to previously approved MOE base and determined the re-indexed MOE base as of June 30, 2021, to become effective for the fiscal years ending June 30, 2024, 2025, and 2026.

Results: This procedure is not applicable as the County does not have an MOE requirement.

13. We reviewed the MOE requirement.

- a. We obtained the current MOE requirements for each recipient agency from SANDAG staff.
- b. We obtained Schedule 3 of the Annual Street Report from the recipient agency.
 - a. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 12.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.

- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: This procedure is not applicable as the County does not have an MOE requirement.

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 reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. If exaction fees are committed, but not expended within seven years, we ensured that a footnote was provided on the status of the project.

Results: No exceptions were noted as a result of our procedures.

- v. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$68,707. We selected \$9,292 (13.52%) for testing. No exceptions were noted as a result of our procedures.

- vi. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable RTCIP expenditures for fiscal year ending June 30, 2021.

- vii. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- viii. We documented the percentage of program revenue spent for fund administration or indirect costs. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: No exceptions were noted as a result of our procedures.

- ix. We determined whether the recipient agency provided its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. We inquired of management as to whether procedures existed to ensure all qualified properties were included in the program.

Results: No exceptions were noted as a result of our procedures.

- x. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- xi. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- xii. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xiii. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The County provided RTCIP documentation to us for review on October 5, 2021.

- 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 reviewed the RTIP and identified any administrative projects included in the RTIP. If administrative projects were included in the RTIP, we ensured that administrative costs included in Local Street Improvements were no more than 1% of the annual apportionment.

Results: The County did not include any administrative projects in the RTIP.

16. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no prior year findings and recommendations.

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, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

A handwritten signature in blue ink that reads "Davis Lane" followed by a stylized flourish.

Irvine, California
April 15, 2022

GLOSSARY OF TERMS

"Annual Street Report" means the State of California Annual Street Report.

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"ITOC" means the Independent Taxpayer Oversight Committee.

"MOE" means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National County, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTCIP" means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"*TransNet* Extension Ordinance" means the 2004 Proposition A.

"*TransNet* Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2021	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	799	100,000	480	(16,225)	-	85,054	
CNTY21	1003030	Bradley Avenue	166,176	1,575,000	3,138	(810,103)	-	934,211	
CNTY24	1003046	Cole Grade - High School	898,109	218,000	6,277	(625,515)	-	496,871	
CNTY34	1009589	Dye Road Extension	14,227	-	153	-	-	14,380	(b)
CNTY35	1009591	Ramona Street Extension	10,260	5,000	98	(4,569)	-	10,789	
CNTY82	1010313	Alpine Blvd	49,548	-	519	(2,059)	-	48,008	
CNTY86	1023466	AC Overlay 19/20 B	-	6,862,815	4,789	(6,867,604)	-	-	
CNTY86	1022881	AC Culverts 19/20	835,231	269,185	3,593	(790,125)	-	317,884	
CNTY86	1022883	ADA Ramps 19/20	241,156	-	519	(215,743)	-	25,932	
CNTY86	1024263	AC Overlay 20/21 South	-	568,000	822	(97,777)	-	471,045	
CNTY88	1018734	Ashwood St Corridor	583,366	500,000	3,504	(672,110)	-	414,760	
		Total Congestion Relief	2,798,872	10,098,000	23,892	(10,101,830)	-	2,818,934	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	424,750	207,000	3,997	(194,210)	-	441,537	
		Total Maintenance	424,750	207,000	3,997	(194,210)	-	441,537	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2021	Notes
		Total Local Street Improvements	\$ 3,223,622	\$ 10,317,500	\$ 27,889	\$ (10,308,540)	\$ -	\$ 3,260,471	
		Smart Growth Incentive Program:							
CNTY95	5005475	Alpine Community Plan Implementation Financing Tools and Mechanisms Plan	(8,845)	26,976	-	(18,131)	-	-	
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	(100,505)	194,298	-	(147,303)	-	(53,510)	(c)
CNTY97	5005477	Valley Center Community Plan Update	(119,343)	215,912	-	(123,817)	-	(27,248)	(c)
		Total Smart Growth Incentive Program	(228,693)	437,186	-	(289,251)	-	(80,758)	
		Competitive Land Management Grant:							
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(96,529)	189,366	-	(151,382)	-	(58,545)	(c)
V08	5005507	Ramona Grasslands preserve Bullfrog Eradication	(17,818)	33,698	-	(15,880)	-	-	(d)
		Total Competitive Land Management Grant	(114,347)	223,064	-	(167,262)	-	(58,545)	
		Total <i>TransNet</i> Extension	\$ 2,880,582	\$ 10,977,750	\$ 27,889	\$ (10,765,053)	\$ -	\$ 3,121,168	

Notes:

- (a) This is the County's cost-share of the installation of the regional traffic signal management software and linking of the local agencies to a common system. The County did not receive this cash and did not incur any expenditures. This was a pass-through managed by SANDAG.
- (b) CNTY34 Dye Rd Extension has been delayed. Estimated project completion date is Summer 2025.
- (c) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY21-22.
- (d) Project 5005507 Ramona Grassland Preserve Bullfrog Eradication final reimbursement received. Project is complete

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81		Regional Arterial Management Systems	\$ 112,500	\$ -	\$ (112,500)	\$ -
		Total Congestion Relief - Pass-Through	<u>112,500</u>	<u>-</u>	<u>(112,500)</u>	<u>-</u>
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	1,092,312	3,109	(1,010,367)	85,054
CNTY21	1003030	Bradley Avenue	8,967,617	85,936	(8,119,342)	934,211
CNTY24	1003046	Cole Grade - High School	4,896,000	52,750	(4,451,879)	496,871
CNTY34	1009589	Dye Road Extension	979,405	1,875	(966,900)	14,380
CNTY35	1009591	Ramona Street Extension	835,330	19,953	(844,494)	10,789
CNTY82	1010313	Alpine Blvd	5,794,000	12,255	(5,758,247)	48,008
CNTY86	1021825	AC Overlay 17/18 C	1,769,760	12,755	(1,782,515)	-
CNTY86	1023466	AC Overlay 19/20 B	6,889,552	7,293	(6,896,845)	-
CNTY86	1022881	AC Culverts 19/20	3,384,887	25,119	(3,092,122)	317,884
CNTY86	1024263	AC Overlay 20/21 South	568,000	822	(97,777)	471,045
CNTY86	1022883	ADA Ramps 19/20	1,297,308	1,631	(1,273,007)	25,932
CNTY88	1018734	Ashwood St Corridor	<u>1,769,000</u>	<u>16,052</u>	<u>(1,370,292)</u>	<u>414,760</u>
		Total Congestion Relief	<u>38,243,171</u>	<u>239,550</u>	<u>(35,663,787)</u>	<u>2,818,934</u>
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	<u>1,319,949</u>	<u>23,735</u>	<u>(902,147)</u>	<u>441,537</u>
		Total Maintenance	<u>1,319,949</u>	<u>23,735</u>	<u>(902,147)</u>	<u>441,537</u>
		Total Local Street Improvements	<u>39,675,620</u>	<u>263,285</u>	<u>(36,678,434)</u>	<u>3,260,471</u>

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
Smart Growth Incentive Program:						
CNTY95	5005475	Alpine Community Plan Implementation Financing Tools and Mechanisms Plan	\$ 26,976	\$ -	\$ (26,976)	\$ -
CNTY96	5005476	Casa De Oro - Campo Road Specific Plan	194,298	-	(247,808)	(53,510)
CNTY97	5005477	Valley Center Community Plan Update	<u>215,912</u>	<u>-</u>	<u>(243,160)</u>	<u>(27,248)</u>
Total Smart Growth Incentive Program			<u>437,186</u>	<u>-</u>	<u>(517,944)</u>	<u>(80,758)</u>
Competitive Land Management Grant:						
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	1,102,094	-	(1,160,639)	(58,545)
V08	5005507	Ramona Grasslands preserve Bullfrog Eradication	<u>79,787</u>	<u>-</u>	<u>(79,787)</u>	<u>-</u>
Total Competitive Land Management Grant			<u>1,181,881</u>	<u>-</u>	<u>(1,240,426)</u>	<u>(58,545)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>41,294,687</u>	<u>263,285</u>	<u>(38,436,804)</u>	<u>3,121,168</u>
Completed Projects:						
LSI - Congestion Relief Pass Through			36,000	-	(36,000)	-
LSI - Congestion Relief			103,184,651	712,787	(103,897,438)	-
LSI - Maintenance			8,906,141	776,188	(9,682,329)	-
Bikes and Pedestrians			625,000	-	(625,000)	-
Competitive Land Management Grant			<u>835,501</u>	<u>-</u>	<u>(835,501)</u>	<u>-</u>
Total Completed Projects			<u>113,587,293</u>	<u>1,488,975</u>	<u>(115,076,268)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 154,881,980</u>	<u>\$ 1,752,260</u>	<u>\$ (153,513,072)</u>	<u>\$ 3,121,168</u>

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2021

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2021	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2021	June 30, 2020	
For Fiscal Year ended June 30, 2014	June 30, 2021		\$ 1,108,576	\$ 4,770	\$ (1,113,346)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2015	June 30, 2022		1,180,266	4,039	(1,184,305)	-	-	-		
For Fiscal Year ended June 30, 2016	June 30, 2023		1,506,988	4,979	(1,511,967)	-	-	-		
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	1,455,074	58,072	(760,397)	-	(752,749)	752,749	814,398	
For Fiscal Year ended June 30, 2018	June 30, 2025		2,646,555	143,584	-	-	-	2,790,139	2,767,415	
For Fiscal Year ended June 30, 2019	June 30, 2026		2,245,234	99,311	-	-	-	2,344,544	2,325,449	
For Fiscal Year ended June 30, 2020	June 30, 2027		2,508,395	64,033	-	-	-	2,572,428	2,551,477	
For Fiscal Year ended June 30, 2021	June 30, 2028		2,308,647	19,283	-	-	-	2,327,930	-	
Total RTCIP Funds			<u>\$ 14,959,735</u>	<u>\$ 398,070</u>	<u>\$ (4,570,015)</u>	<u>\$ -</u>	<u>\$ (752,749)</u>	<u>10,787,790</u>	<u>\$ 8,458,739</u>	(a)

(a) Interest income and project expenditures for FY17, FY18, FY19, FY20 and FY21 are adjusted based on the Schedule C Guidelines. According to the Guidelines, interest earned shall be allocated equitably to each year that had a beginning balance. Expenditures were also applied to the oldest cumulative funds available.

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the Independent Taxpayer Oversight Committee's (ITOC's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 and B for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance.

- a. We substantiated all footnotes required in Schedule A.

Results: This procedure is not applicable as there were no footnotes required in Schedule A.

- b. We agreed the beginning balance from the prior year or reviewed that SANDAG staff provided a footnote for any restatements of ITOC activity. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained a listing of *TransNet* payments made for the ITOC from SANDAG staff. We compared the *TransNet* revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.

Results: No exceptions noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2021.
 - i. We reviewed the interest income reported on Schedule A and matched to SANDAG's general ledger.

Results: No exceptions noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions noted as a result of our procedures.

- e. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to SANDAG's general ledger.

Results: No exceptions noted as a result of our procedures.

- ii. We reviewed at least 25% of ITOC expenditures as reported by SANDAG to determine if they were necessary and reasonable in carrying out ITOC responsibilities under the *TransNet* Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled "Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the *TransNet* Program."

Results: ITOC recorded total *TransNet* expenditures in the amount of \$644,536. We selected \$193,340 (30.00%) for testing. No exceptions were noted as a result of our procedures.

- iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 25% of ITOC expenditures and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures are required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 3.e.ii.

- iv. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: ITOC recorded total *TransNet* payroll expenditures in the amount of \$263,051, which represented 40.81% of total expenditures. We selected one pay period and five employees for testing. No exceptions were noted as a result of our procedures.

4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance.

- a. We reviewed the ending balances at June 30, 2021 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no amounts listed in the Adjustment column of Schedule A.

5. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

6. We proposed current year findings as a result of performing the above agreed-upon procedures. We included SANDAG staff's response to address the ITOC finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2022

GLOSSARY OF TERMS

Definitions

“Current Fiscal Year” means the fiscal period of July 1, 2020 through June 30, 2021.

“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, 2021

<u>Project Name</u>	<u>Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2021</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	\$ 304,803	\$ 432,993	\$ 3,916	\$ (644,536)	\$ -	\$ 97,176
Total <i>TransNet</i> Extension	\$ 304,803	\$ 432,993	\$ 3,916	\$ (644,536)	\$ -	\$ 97,176

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2021

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2021</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	<u>\$ 3,380,347</u>	<u>\$ 45,896</u>	<u>\$ (3,329,067)</u>	<u>\$ 97,176</u>
Total Cumulative <i>TransNet</i> Extension	<u>\$ 3,380,347</u>	<u>\$ 45,896</u>	<u>\$ (3,329,067)</u>	<u>\$ 97,176</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the San Diego Metropolitan Transit System's (MTS') compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. MTS' 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 MTS with respect to the *TransNet* Program Schedules A, B, and C for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as MTS does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all *TransNet* activity. This alternative approach to maintaining separate

accountability is allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: MTS recorded total *TransNet* expenditures in the amount of \$47,678,469. We selected \$12,890,369 (27.04%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: No exceptions were noted as a result of our procedures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: MTS allocated indirect costs to MPO ID MTS33A and SAN80 included in the RTIP for the year ended June 30, 2021 at an overhead rate of 23.30% and a fringe rate of 60.48%. The total dollar amount of indirect costs charged was \$114,842, which represented a 0.24% of total *TransNet* expenditures. MTS has a formal Indirect Cost Plan that was approved by the Federal Transit Administration in March 2021 for the fiscal year ending June 30, 2021. Additionally, MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates, and concluded that MTS's rates were consistent with the provision of 2CFR Part 200. No exceptions were noted as a result of our procedure.

- g. We determined that any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the fiscal year ended June 30, 2021.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no completed projects for the fiscal year ended June 30, 2021.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: This procedure is not applicable as there were no negative ending balances.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.
 - m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as MTS had no non-*TransNet* activity for the fiscal year.
- 7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.
 - a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension). We reviewed the ending balances at June 30, 2021 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.
 - b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included in Schedule A.
 - c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that are derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: MTS is in compliance with the 30% requirement as follows:

	Senior and Disabled	Transit
Fiscal year 2021 apportionment	\$948,641	\$35,763,780
Less: debt service payment	-	-
Net estimated apportionment	948,641	35,763,780
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2021 30% threshold	<u>284,592</u>	<u>10,729,134</u>
Less:		
Fund balance	-	-
Fund balance under apportionment	\$ <u>284,592</u>	\$ <u>10,729,134</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

10. We reviewed transit operator eligibility for receipt of funds.
 - a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
 - b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
 - c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2021 to 2020 was 12.41%. The change in total operating cost per revenue vehicle hour for bus services was 7.92% and the change in total operating cost per revenue vehicle mile for rail services was (2.21)%. Thus, MTS was in compliance with these portions of the requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2021</u>	<u>2020</u>	<u>Growth Rate</u>
Operating cost for buses	\$202,212,207	\$190,890,364	
Revenue vehicle hours	1,981,718	2,018,974	
 Total operating cost per revenue vehicle hour	 \$102.04	 \$94.55	 7.92%
 Consumer Price Index	 247.856	 220.500	 12.41%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2021</u>	<u>2020</u>	<u>Growth Rate</u>
Operating cost for rail	\$98,061,336	\$91,636,520	
Revenue vehicle miles	10,077,479	9,210,076	
 Total operating cost per revenue vehicle mile	 \$9.73	 \$9.95	 (2.21)%
 Consumer Price Index	 247.856	 220.500	 12.41%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: MTS had one prior year finding relating to not meeting the operator eligibility for bus services due to increase in operating costs per revenue vehicle hours exceeding the increase in CPI. As of June 30, 2021, MTS was successful in meeting the operator eligibility requirement for bus services.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations for the year ended June 30, 2021.

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

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on MTS's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. 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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 15, 2022

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 2021 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2020, through June 30, 2021.

"MPO ID" means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

"Recipient Agency" means an agency, including Metropolitan Transit System and North County Transportation Commission, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

"RTIP" means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

"SANDAG" means the San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

"SANDAG Board Policy No. 031" means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

"Schedule A" means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

"Schedule B" means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

"TransNet Extension Ordinance" means the 2004 Proposition A.

"TransNet Ordinance and Expenditure Plan" means the 1987 Proposition A San Diego Transportation Improvement Plan.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year ended June 30, 2021

<u>MPO ID</u>	<u>CIP Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2020</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>MTS Adjustments</u>	<u>Project Status June 30, 2021</u>
TransNet Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	\$ -	\$ 878,626	\$ -	\$ (878,626)	\$ -	\$ -
Total Senior and Disabled Transportation			-	878,626	-	(878,626)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	32,999,951	-	(32,999,951)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	2,462,669	-	(2,462,669)	-	-
SAN 80	47150	Bus Rapid Transit	-	2,482,269	-	(2,482,269)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	2,660,976	-	(2,660,976)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	6,193,978	-	(6,193,978)	-	-
Total Major Transit Corridor Operations			-	13,799,892	-	(13,799,892)	-	-
Total Transit and Trolley			-	46,799,843	-	(46,799,843)	-	-
Total Operating			-	47,678,469	-	(47,678,469)	-	-
Total <i>TransNet</i> Extension			\$ -	\$ 47,678,469	\$ -	\$ (47,678,469)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

<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, 2021</u>
<i>TransNet</i> Extension						
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	\$ 9,772,455	\$ -	\$ (9,772,455)	\$ -
		Total Senior and Disabled Transportation	9,772,455	-	(9,772,455)	-
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	175,989,674	-	(175,989,674)	-
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	17,575,370	-	(17,575,370)	-
SAN 80	47150	Bus Rapid Transit	58,149,888	-	(58,149,888)	-
SAN 80	47170	Mid City Bus Rapid Transit	11,733,542	-	(11,733,542)	-
SAN 80	47180	South Bay Bus Rapid Transit	14,274,967	-	(14,274,967)	-
		Total Major Transit Corridor Operations	101,733,767	-	(101,733,767)	-
		Total Transit and Trolley	277,723,441	-	(277,723,441)	-
		Total Operating	287,495,896	-	(287,495,896)	-
		Subtotal Cumulative <i>TransNet</i> Extension	287,495,896	-	(287,495,896)	-

(continued)

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Completed Projects:				
		Capital:				
		Major Corridor:				
MTS28	47120	Bus & Rail Rolling Stock	\$ 2,247,000	\$ -	\$ (2,247,000)	\$ -
SAN 67	47120	Blue Line Rehab	45,442,895	-	(45,442,895)	-
		Operating:				
		Transit and Trolley:				
MTS 23A	47110	MTS Operating Support	<u>181,530,668</u>	<u>-</u>	<u>(181,530,668)</u>	<u>-</u>
		Total Completed Projects	<u>229,220,563</u>	<u>-</u>	<u>(229,220,563)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 516,716,459</u>	<u>\$ -</u>	<u>\$ (516,716,459)</u>	<u>\$ -</u>

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the North County Transit District's (NCTD's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A and B, as applicable, for the fiscal year ended June 30, 2021. NCTD 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 NCTD with respect to the *TransNet* Program Schedules A and B for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as NCTD does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but NCTD maintains separate accountabilities 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 alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A as all *TransNet* funds were spent before the end of the first quarter.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: NCTD recorded total *TransNet* expenditures in the amount of \$18,087,605. We selected \$7,028,086 (38.86%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure two above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e., payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as the payroll expenditure did not exceed the 20% of the total dollar amount of expenditures.

- vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a federal or state agency or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We determined that any amounts reflected in the "Adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments for the fiscal year ended June 30, 2021.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding is available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed those 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: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2021 apportionment	\$ 385,984	\$14,551,608
Less: debt service payment	<u>-</u>	<u>(1,388,706)</u>
Net estimated apportionment	385,984	13,162,902
30% base	<u>30%</u>	<u>30%</u>
Fiscal year 2021 30% threshold	<u>115,795</u>	<u>3,948,871</u>
Less:		
Fund balance	<u>-</u>	<u>(2,127,862)</u>
Fund balance under apportionment	<u>\$ 115,795</u>	<u>\$6,076,733</u>

9. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2021</u>	<u>Interest Payments</u>
Commercial Paper	<u>\$23,050,000</u>	<u>\$ -</u>	<u>\$(1,300,000)</u>	<u>\$21,750,000</u>	<u>\$(88,706)</u>

10. We reviewed transit operator eligibility for receipt of funds.

- a. We calculated and reported the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services for the current year and prior year. We documented how the transit operators compile their information used in their calculation. We ensured the calculation did not include any non-cash transactions.
- b. We obtained from SANDAG staff the increase in CPI over the same period of the prior year.
- c. We reviewed and reported that the increase in the total operating cost per revenue vehicle hour for bus services and total operating cost per revenue vehicle mile for rail services (calculated in [a]) does not exceed the increase in the CPI (obtained in [b]).

Results: The increase in the total operating cost per revenue vehicle hour for bus services, and total operating cost per revenue vehicle mile for rail services are shown in the table below. The change in CPI from 2020 to 2021 was 12.41%. The total operating cost per revenue vehicle hour for bus services increased by 7.63% 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 increased by 20.00%, 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 by excluding amount for contractual purchased transportation costs for rail services that were impacted by COVID-19. The effect of this exclusions was a decrease to the change in total operating cost per revenue vehicle miles for rail services to 10.00%. On April 22, 2022, the SANDAG Board of Directors approved NCTD’s request. Therefore, we have calculated operator eligibility for bus and rail services and NCTD is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2021</u>	<u>2020</u>	<u>Growth Rate</u>
Operating cost for buses	\$57,304,744	\$56,463,540	
Revenue vehicle hours	475,203	503,957	
Total operating cost per revenue vehicle hour	\$120.59	\$112.04	7.63%
Consumer Price Index	247.856	220.500	12.41%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2021</u>	<u>2020</u>	<u>Growth Rate</u>
Operating cost for rail	\$42,630,329	\$43,808,817	
Revenue vehicle miles	662,745	749,139	
Total operating cost per revenue vehicle mile	\$64.32	\$58.48	10.00%
Consumer Price Index	247.856	220.500	12.41%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency’s response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

We were engaged by ITOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on NCTD’s compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance as of June 30, 2021. Accordingly, we do not

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
April 15, 2022

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 2021 of the Semiannual average indexes Table).

"Current Fiscal Year" means the fiscal period of July 1, 2020, through June 30, 2021.

"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.

SCHEDULE A

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2021	Notes
TransNet:									
Capital:									
Transit:									
NCTD18	412770, 419003, 514017, 518004, 518010, 115123, 615225, 519006	STP Projects and Services	\$ 2,743	\$ -	\$ -	\$ (2,743)	\$ -	\$ -	
		Total Transit	2,743	-	-	(2,743)	-	-	
		Total Capital	2,743	-	-	(2,743)	-	-	
		Total <i>TransNet</i>	\$ 2,743	\$ -	\$ -	\$ (2,743)	\$ -	\$ -	
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	-	377,000	-	(377,000)	-	-	
		Total Senior and Disabled Transportation	-	377,000	-	(377,000)	-	-	
Transit:									
NCTD16B	N/A	Oceanside to Escondido Rail - SPRINTER Debt Service	-	1,900,000	-	(1,900,000)	-	-	
NCTD34	N/A	Transit Service Operating Support	-	12,180,000	-	(12,180,000)	-	-	
		Total Transit	-	14,080,000	-	(14,080,000)	-	-	
		Total Operating	-	14,457,000	-	(14,457,000)	-	-	
Capital:									
Major Corridor:									
SAN260	420009	COASTER Train Sets	-	1,500,000	-	(3,627,862)	-	(2,127,862)	(a)
		Total Major Corridor	-	1,500,000	-	(3,627,862)	-	(2,127,862)	
		Total <i>TransNet</i> Extension	\$ -	\$ 15,957,000	\$ -	\$ (18,084,862)	\$ -	\$ (2,127,862)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 2,743	\$ 15,957,000	\$ -	\$ (18,087,605)	\$ -	\$ (2,127,862)	

Note:

(a) Due as of June 30, 2021; reimbursed from TransNet Major Corridor FY2022 funds.

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2021
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 3,999,325	\$ -	\$ (3,999,325)	\$ -
		Total Senior and Disabled Transportation	<u>3,999,325</u>	<u>-</u>	<u>(3,999,325)</u>	<u>-</u>
Transit:						
NCTD16B	N/A	Oceanside to Escondido Rail Operations	21,255,112	-	(21,255,112)	-
NCTD34	N/A	Transit Service Operating Support	<u>128,087,189</u>	<u>-</u>	<u>(128,087,189)</u>	<u>-</u>
		Total Transit	<u>149,342,301</u>	<u>-</u>	<u>(149,342,301)</u>	<u>-</u>
Major Corridor:						
SAN260	420009	COASTER Train Sets	<u>1,500,000</u>	<u>-</u>	<u>(3,627,862)</u>	<u>(2,127,862)</u>
		Total Major Corridor	<u>1,500,000</u>	<u>-</u>	<u>(3,627,862)</u>	<u>(2,127,862)</u>
		Total Operating	<u>154,841,626</u>	<u>-</u>	<u>(156,969,488)</u>	<u>(2,127,862)</u>
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	69,636,783	429,576	(70,066,359)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	3,870,000	25,257	(3,895,257)	-
Transit:						
		Preventive Maintenance	<u>1,715,876</u>	<u>-</u>	<u>(1,715,876)</u>	<u>-</u>
		Total Completed Projects	<u>75,440,600</u>	<u>454,833</u>	<u>(75,895,433)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 230,282,226</u>	<u>\$ 454,833</u>	<u>\$ (232,864,921)</u>	<u>\$ (2,127,862)</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below in reviewing the San Diego Association of Governments' (SANDAG's) compliance with the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and the San Diego Association of Governments (SANDAG) Board Policy No. 031 with respect to the *TransNet* Program Schedules A, B, and C, as applicable, for the fiscal year ended June 30, 2021. 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 for the fiscal year ended June 30, 2021. 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 performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures for SANDAG and SDCRTC for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc). We determined that the projects are properly classified by SANDAG and SDCRTC.

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified SANDAG staff and obtained approval.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and matched it to the *TransNet* general ledger.

Results: This procedure is not applicable as there was no interest reported on Schedule A.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest reported on Schedule A.

f. We identified the total *TransNet* expenditures for the year ended June 30, 2021.

i. We reviewed the total project expenditures per Schedule A and agreed to the respective recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: SANDAG recorded total *TransNet* expenditures in the amount of \$151,743,417. We selected \$52,173,550 (34.38%) 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. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transaction and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

Results: This procedure is not applicable as payroll expenditures did not exceed 20% of the total dollar amount of expenditures.

vi. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's

indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm.

Results: SANDAG allocated indirect costs to projects included in the RTIP for the year ended June 30, 2021. SANDAG allocates indirect costs at a rate of 78.65% of direct labor costs associated with each project. SANDAG allocated a total of \$4,699,673 of indirect costs to projects, resulting in 3.10% of indirect costs compared to total *TransNet* expenditures. SANDAG's indirect cost plan has been reviewed and approved by the State of California Department of Transportation, and is updated by SANDAG on an annual basis. The indirect cost rate allocation methodology appears reasonable. No exceptions were noted as a result of our procedures.

- g. We determined that any amounts reported in the "adjustments" column was explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was presented that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type or authorization and date of authorization.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2022.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency has provided a footnote of the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We reviewed that transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfer of funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as SANDAG had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as SANDAG does not track completed projects within Schedule A.

8. We determined that the ending project status per Schedule A for those projects that are derived from the recipient agency’s annual *TransNet* apportionment was not more than 30% of the recipient agency’s current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2021.

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 \$53,140,711 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, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2021</u>
Commercial Paper	\$4,866,052	\$413,415	\$ -	\$5,279,467
2008 Bonds	31,303,924	1,840,347	-	33,144,271
2010 Bonds	2,915,826	8,933	-	2,924,759
2012 Bonds	2,329,060	4,649	-	2,333,709
2014 Bonds	1,293,637	9,960	-	1,303,597
2016 Bonds	1,207,497	4,299	-	1,211,796
2017 TIFIA Loan	963,859	277,385	-	1,241,244
2018 Short Term	1,561,736	3,538	-	1,565,274
2019 Bonds	1,430,787	6,537	-	1,437,324
2020 Bonds	414,196	3,120	-	417,316
2021 Bonds	-	1,334,035	-	1,334,035
2021 Note	-	947,921	-	947,921
Total	\$48,286,574	\$4,845,139	\$ -	\$53,140,713

11. We reviewed to ensure that SANDAG’s administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance:

- a. We reviewed and ensured that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were note as a result of our procedures.

- b. We reviewed at least 25% of the administrative expenditures and ensured that they were expended by recipient SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$3,131,940. We reviewed the detail of administrative expenditures and noted the following cost centers included within:

<u>Category</u>	<u>Amount Expended</u>
Payroll Expenses	\$2,040,063
Operational Expenses	850,809
Board of Directors	127,754
Legal Fees	<u>113,314</u>
 Total	 <u>\$3,131,940</u>

- i. If unallowable expenditures were identified in step 11.b, we expanded the sample to include an additional 25% of administrative expenditures, and documented SANDAG’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures noted in step 11.b.

12. For SANDAG, acting as the SDCRTC, only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed the FY 2021 *TransNet* Local Street Improvements Allocation Schedule and determined that at least 70% of the revenues provided for Local Street Improvement purposes were used for congestion relief purposes and that no more than 30% for maintenance purposes.

Results: No exceptions were noted as a result of our procedures.

13. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

14. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2021.

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, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of ITOC and SANDAG and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
April 15, 2022

GLOSSARY OF TERMS

Definitions

"Current Fiscal Year" means the fiscal period of July 1, 2020 through June 30, 2021.

"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, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
TransNet Extension:								
Administration:								
		SANDAG 1% Administration	\$ 130,400	\$ 3,081,653	\$ (3,131,940)	\$ -	\$ 80,113	
		Total Administration	<u>130,400</u>	<u>3,081,653</u>	<u>(3,131,940)</u>	<u>-</u>	<u>80,113</u>	
Bike, Pedestrian & Neighborhood								
Safety (BPNS) - Pass Through:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	-	-	-	-	
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	18,946	(18,946)	-	-	
DM07	1223088	Civic Center Bike Locker	-	9,203	(9,203)	-	-	
IB19	1223092	IB Biking Education, Encouragement and Awareness Campaign	-	22,433	(22,433)	-	-	
NC34	1223090	"Waterfront to Homefront" Connectivity Study	-	-	-	-	-	
NC35	1223089	National City Bicycle Parking Enhancements	-	22,437	(22,437)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	-	-	-	-	
SD259	1223091	Move Free SD Education, Encouragement and Awareness Campaign	-	1,767	(1,767)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	-	91	(91)	-	-	
		Total BPNS - Pass Through	<u>-</u>	<u>74,877</u>	<u>(74,877)</u>	<u>-</u>	<u>-</u>	
BPNS:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	2,952	(2,952)	-	-	
NC35	1223089	National City Bicycle Parking Enhancements	-	28	(28)	-	-	
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	96,689	(96,689)	-	-	
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	6,386	(6,386)	-	-	
SAN153	1223023	The Inland Rail Trail	-	678,268	(678,268)	-	-	
SAN154	1129900	Bayshore Bikeway Segment 8B	-	16,560	(16,560)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	3,861,719	(3,861,719)	-	-	
		Subtotal BPNS	<u>-</u>	<u>4,662,602</u>	<u>(4,662,602)</u>	<u>-</u>	<u>-</u>	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
		BPNS balance carried forward	\$ -	\$ 4,662,602	\$ (4,662,602)	\$ -	\$ -	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	253,328	(253,328)	-	-	
SAN156	3301100	Plan for Future Coastal Rail Trail	-	6,367	(6,367)	-	-	
		Total SAN156	-	259,695	(259,695)	-	-	
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	9,725,558	(9,725,558)	-	-	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	777,727	(777,727)	-	-	
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	-	506	(506)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	157,988	(157,988)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	546,830	(546,830)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	70,231	(70,231)	-	-	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	545,564	(545,564)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	297,336	(297,336)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	-	(42,954)	42,954	-	-	(a)
SAN230	1223087	North Park/Mid-City Bikeway: Orange	-	179,733	(179,733)	-	-	
		Total SAN230	-	136,779	(136,779)	-	-	
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	250,955	(250,955)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	10,610,790	(10,610,790)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	494,358	(494,358)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	401,748	(401,748)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	54,287	(54,287)	-	-	
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	-	2,169	(2,169)	-	-	
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	-	20,772	(20,772)	-	-	
		Total BPNS	-	29,015,895	(29,015,895)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
Senior Services Pass Through:								
LAM27	1270400	La Mesa - Rides4Neighbors	\$ -	\$ 67,381	\$ (67,381)	\$ -	\$ -	
O34	1270500	Oceanside - Solutions for Seniors on the Go	-	89,812	(89,812)	-	-	
SAN70	1271000	Jewish Family Services - Rides and Smiles	-	153,193	(153,193)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	128,545	(128,545)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and	-	117,096	(117,096)	-	-	
Total SAN70			-	398,834	(398,834)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	36,562	(36,562)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	196,099	(196,099)	-	-	
SAN168	1271900	FACT Mobility Management	-	228,205	(228,205)	-	-	
SAN185	1270800	FACT MedRide	-	335,524	(335,524)	-	-	
SAN243	1272600	FACT RIDEfinder	-	52,674	(52,674)	-	-	
Total Senior Services Pass Through			-	1,405,091	(1,405,091)	-	-	
Senior Services:								
SAN40	3320201	Specialized Transportation	-	69,154	(69,154)	-	-	
Total Senior Services			-	69,154	(69,154)	-	-	
Smart Growth Pass Through:								
CHV86	1224059	Third Avenue Streetscape Improvement Project (TASIP-STL406) Phase II	-	514,873	(514,873)	-	-	
CNTY95	1224054	Alpine Community Plan Implementation	-	5,967	(5,967)	-	-	
CNTY96	1224055	Casa De Oro - Campo Road Specific Plan	-	179,636	(179,636)	-	-	
CNTY97	1224056	Valley Center Community Plan Update	-	162,602	(162,602)	-	-	
EL40	1224067	El Cajon Transit Center Community Connection Improvements	-	389,561	(389,561)	-	-	
EL41	1224068	Main Street - Green Street Gateway	-	268,120	(268,120)	-	-	
ESC44	1224034	Escondido Transit Center Active Transportation Connections	-	41,587	(41,587)	-	-	
Subtotal Smart Growth - Pass-Through			-	1,562,346	(1,562,346)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
		Smart Growth - Pass-Through balance carried forward	\$ -	\$ 1,562,346	\$ (1,562,346)	\$ -	\$ -	
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Congestion Relief)	-	179,387	(179,387)	-	-	
LAM47	1224036	N Spring Street Smart Growth	-	618,265	(618,265)	-	-	
LAM49	1224047	Complete Streets Integrated Design Manual	-	91,650	(91,650)	-	-	
LG26	1224069	Connect Main Street, Ph 1&2	-	277,562	(277,562)	-	-	
NC29	1224048	National City 24th St Transit Oriented Development Overlay	-	317,527	(317,527)	-	-	
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	-	1,229,715	(1,229,715)	-	-	
NC37	1224062	Sweetwater Road Protected Bikeway	-	172,451	(172,451)	-	-	
O49	1224058	Coastal Rail Trail Extension	-	16,508	(16,508)	-	-	
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	-	364,691	(364,691)	-	-	
SD253	1224049	Clairemont Transit Oriented Development Design Concepts	-	126,409	(126,409)	-	-	
SD254	1224050	College Area Smart Growth Study (CASGS)	-	175,192	(175,192)	-	-	
SD255	1224051	E Street Greenway Master Plan	-	15,667	(15,667)	-	-	
SD256	1224052	Mira Mesa Transit Oriented Development	-	90,416	(90,416)	-	-	
SD257	1224053	University Community Smart Growth Concept Study	-	89,453	(89,453)	-	-	
SD260	1224063	Downtown Mobility Cycle Way Improvement Phase I and II	-	996,117	(996,117)	-	-	
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	-	74,870	(74,870)	-	-	
SD262	1224065	East Village Green Park Phase I	-	44,549	(44,549)	-	-	
VISTA58	1224066	Paseo Santa Fe Phase III	-	1,570,915	(1,570,915)	-	-	
		Total Smart Growth - Pass-Through	-	8,013,690	(8,013,690)	-	-	
		Smart Growth:						
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	96,688	(96,688)	-	-	
		Total Smart Growth	-	96,688	(96,688)	-	-	
		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)	-	-	
		Subtotal Local Street Improvements	-	39,700	(39,700)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
		Local Street Improvements balance carried forward	\$ -	\$ 39,700	\$ (39,700)	\$ -	\$ -	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM46	3311002	Regional Arterial Management System (RAMS) - (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	-	6,496,000	(6,495,000)	(1,000)	-	(b)
V08	1201302	SDNWR: Mother Miguel Mountain	-	(1,060)	1,060	-	-	(a)
V08	1201318	Native Seed Bank	-	29,582	(29,582)	-	-	
V08	1201319	Otay Mesa Rare Plants	-	107,727	(107,727)	-	-	
V08	1201320	Proctor Valley Vernal Pools	-	73,186	(73,186)	-	-	
V08	1201321	North County Dunes 2	-	69,705	(69,705)	-	-	
V08	1201322	SD Thornmint Restoration	-	8,766	(8,766)	-	-	
V08	1201323	Navajo Canyon	-	38,836	(38,836)	-	-	
V08	1201324	Florida Canyon	-	43,315	(43,315)	-	-	
V08	1201325	Elfin Forest	-	22,165	(22,165)	-	-	
V08	1201326	Otay Mesa Open Space	-	68,790	(68,790)	-	-	
V08	1201328	Cabrillo	-	18,126	(18,126)	-	-	
V08	1201329	Ramona Grasslands	-	15,879	(15,879)	-	-	
V08	1201330	Rice Canyon Invasive Removal	-	32,313	(32,313)	-	-	
V08	1201331	Wright's Field	-	15,980	(15,980)	-	-	
V08	1201332	Boulder Creek	-	20,376	(20,376)	-	-	
V08	1201333	Rare Plants 2	-	2,179	(2,179)	-	-	
		Subtotal V08	-	565,865	(565,865)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
		Balance carried forward - Subtotal V08	\$ -	\$ 565,865	\$ (565,865)	\$ -	\$ -	
V08	1201334	Silverwood-Anstine	-	2,102	(2,102)	-	-	
V08	1201335	Veldt Grass 2	-	25,328	(25,328)	-	-	
V08	1201336	Invasive Species Management	-	59,427	(59,427)	-	-	
V08	1201337	San Pasqual Cactus Wren	-	30,299	(30,299)	-	-	
V08	1201338	Lower Otay Reservoir	-	42,885	(42,885)	-	-	
V08	1201339	Burrowing Owl	-	12,415	(12,415)	-	-	
V08	1201340	Mission Bay Park	-	69,095	(69,095)	-	-	
V08	1201341	Stinknet Removal	-	36,442	(36,442)	-	-	
		Total V08	-	843,858	(843,858)	-	-	
		Total Regional EMP - Pass Through	-	7,339,858	(7,338,858)	(1,000)	-	
		Environmental Mitigation Program (EMP):						
V07	12002xx	Biological Mitigation	-	6,202,066	(6,203,066)	1,000	-	(b)
V08	12003xx/ 12013xx	Regional Habitat Conservation Fund	-	3,099,626	(3,099,626)	-	-	
		Total EMP	-	9,301,692	(9,302,692)	1,000	-	
		Bus Rapid Transit (BRT)/Rail Operations:						
SAN80	1130100	Financial ERP System	-	359,198	(359,198)	-	-	
SAN80	1131600	Human Resources Info System	-	198,090	(198,090)	-	-	
SAN80	1147400	Content Management	-	119,046	(119,046)	-	-	
SAN80	2301900	Quality Assurance & Control	-	400,000	(400,000)	-	-	
SAN80	2302100	Transportation Modeling Development	-	9,783	(9,783)	-	-	
SAN80	2302200	Data Dissemination	-	120,306	(120,306)	-	-	
SAN80	2302300	Data Acquisition, Management, Govern	-	590,000	(590,000)	-	-	
SAN80	2402000	Data Science, Open/Big Data	-	359,135	(359,135)	-	-	
SAN80	3102000	SD Forward Regional Plan	-	1,273,028	(1,273,028)	-	-	
SAN80	3310703	TDM - Program & Svs Delivery	-	5,400	(5,400)	-	-	
SAN80	3310714	Mobility & Innovations Program	-	194,293	(194,293)	-	-	
SAN80	8000103	Office of the Independent Performance Auditor	-	429,320	(429,320)	-	-	
		Total BRT/Rail Operations	-	4,057,599	(4,057,599)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
Major Corridor - Pass-Through:								
CAL09	1200501	I-5 North Coast	\$ -	\$ (235,446)	\$ 235,446	\$ -	\$ -	(c)
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	685,446	(685,446)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	(49,253)	49,253	-	-	(c)
CAL09	1200510	I-5 HOV Carlsbad	-	220,000	(220,000)	-	-	
		Total CAL09	-	620,747	(620,747)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	33,000	(33,000)	-	-	
CAL29	1207602	SR 76 Middle	-	(17,634)	17,634	-	-	(c)
CAL29B	1207606	SR 76 East	-	522,000	(522,000)	-	-	
CAL38	1390501	SR-905 New Freeway	-	(53,000)	53,000	-	-	(c)
CAL75	1200506	I-5 Genesee Interchange and Widening	-	(296,000)	296,000	-	-	(c)
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	42,000	(42,000)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	7,056,000	(7,056,000)	-	-	
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	114,374	(114,374)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	202,000	(202,000)	-	-	
CAL277A	1207803	SR78/I-5 HOV Connector	-	31,000	(31,000)	-	-	
CAL278	1207801	SR78 Corridor	-	(633)	633	-	-	(c)
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	232,000	(232,000)	-	-	
CAL552	1685501	CMCP-Sbay to Sorrento	-	267,000	(267,000)	-	-	
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	-	305,000	(305,000)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	(30,000)	30,000	-	-	(c)
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	(11,000)	11,000	-	-	(c)
SAN47	1280504	South Bay BRT	-	14,000	(14,000)	-	-	
SAN60	1239820	COASTER Train Sets	-	1,500,000	(1,500,000)	-	-	
SAN73	1239806	San Elijo Lagoon Double Track	-	(826,312)	826,312	-	-	(c)
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	26,000	(26,000)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	1,128,095	(1,128,095)	-	-	
V11	1201101	State Route 11	-	1,356,550	(1,356,550)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	4,000	(4,000)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	(1,048)	1,048	-	-	(c)
V22	1606701	CMCP-San Vicente Corridor	-	12,000	(12,000)	-	-	
	1200100	TransNet Project Office	-	(9,044)	9,044	-	-	(d)
		Total Major Corridor - Pass-Through	-	12,221,095	(12,221,095)	-	-	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
Major Corridor:								
CAL09	1200501	I-5 North Coast	\$ -	\$ 15,353	\$ (15,353)	\$ -	\$ -	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	1,126,863	(1,126,863)	-	-	
CAL09	1200509	I-5 San Elijo Bridge Replace	-	1,513,487	(1,513,487)	-	-	
CAL09	1200510	I-5 HOV Carlsbad	-	20,029	(20,029)	-	-	
Total CAL09			-	2,675,732	(2,675,732)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	487	(487)	-	-	
CAL29B	1207606	SR 76 East	-	(54,385)	(109,053)	-	(163,438)	(e)
CAL68	1212501	SR94/SR125 S to E Connector	-	2,139	(2,139)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	(10,025)	10,025	-	-	(d)
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	347	(347)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	47,793	(47,793)	-	-	
CAL78D	1280515	I-805 S Soundwalls	-	213,600	(213,600)	-	-	
CAL114	1200513	SR56 Auxiliary Lane	-	5,313	(5,313)	-	-	
CAL277	1207802	I-15/SR78 HOV Connectors	-	79,120	(79,120)	-	-	
CAL502	1280516	I-805 North Construct Operational Improvements	-	10,502	(10,502)	-	-	
CAL550	1605201	CMCP-Coast Canyon Trails SR52	-	11,695	(11,695)	-	-	
CAL552	1680501	CMCP-Purple Line/I-805	-	(104,726)	-	104,726	-	(f)
CAL552	1685501	CMCP-Sbay to Sorrento	-	1,269,930	(1,118,189)	(151,741)	-	(f)
Total CAL552			-	1,165,204	(1,118,189)	(47,015)	-	
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	-	5,596	(5,596)	-	-	
CAL554	1600502	CMCP - Blue Line Express/I-5 South	-	(47,015)	-	47,015	-	(f)
SAN04	1201504	I-15 FasTrak®	-	245,880	(245,880)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	42,984,050	(42,984,050)	-	-	
SAN26B	1201509	Downtown BRT Stations	-	15	(15)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	79,544	(79,544)	-	-	
Subtotal Major Corridor			-	47,415,592	(47,579,030)	-	(163,438)	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
		Major Corridor balance carried forward	\$ -	\$ 47,415,592	\$ (47,579,030)	\$ -	\$ (163,438)	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	15,529	(15,529)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	1,884,276	(1,884,276)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	534,946	(534,946)	-	-	
SAN31	1142300	Escondido Maintenance Facility	-	613	(613)	-	-	
SAN36	1144000	Substation SCADA Design	-	153,595	(153,595)	-	-	
SAN46	1041502	Super Loop	-	21,054	(21,054)	-	-	
SAN47	1280504	South Bay BRT	-	2,243,514	(2,243,514)	-	-	
SAN54	1144800	Regional Arterial Detection P1	-	476	(476)	-	-	
SAN54	3310500	511 ATIS	-	173,222	(173,222)	-	-	
SAN54	3311000	ITS Operations	-	950,836	(950,836)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	267,689	(267,689)	-	-	
SAN54	3331200	RTS Mgt & Op Plan	-	41,673	(41,673)	-	-	
		Total SAN54	-	1,433,896	(1,433,896)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	325,479	(325,479)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	115,710	(115,710)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	4,284	(4,284)	-	-	
SAN78	1240001	Mid-City Rapid Bus	-	(174,183)	174,183	-	-	(g)
SAN79	1142500	Centralized Train Control	-	3,302	(3,302)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	625,011	(625,011)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	18,403	(18,403)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	127,867	(127,867)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	1,385	(1,385)	-	-	
SAN132	1239811	Elvira to Morena Double Track	-	(456,023)	456,023	-	-	(g)
SAN149	1239814	Coaster PE	-	91,131	(91,131)	-	-	
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	-	90,355	(90,355)	-	-	
SAN172	1210030	BL Station Rehabilitation	-	129	(129)	-	-	
SAN173	1210040	BL Rail Infrastructure	-	106,771	(106,771)	-	-	
SAN182	1239815	San Diego River Bridge	-	1,237,737	(1,237,737)	-	-	
		Subtotal Major Corridor	-	55,820,373	(55,983,811)	-	(163,438)	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Project Status July 1, 2020	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2021	Notes
		Major Corridor balance carried forward	\$ -	\$ 55,820,373	\$ (55,983,811)	\$ -	\$ (163,438)	
SAN183	1239816	Batiquitos Lagoon Double Track	-	299,975	(299,975)	-	-	
SAN201	1145500	Airport Connection	-	(208)	208	-	-	(a)
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	-	1,439	(1,439)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	4,026,380	(4,026,380)	-	-	
SAN253	1600501	CMCP - Central Mobility Hub	-	319,243	(319,243)	-	-	
SAN253	1600503	CMH Military Inst. Resilience	-	79,954	(79,954)	-	-	
SAN253	1600504	CMCP-CMH & Connections	-	7,546	(7,546)	-	-	
		Total SAN253	-	406,743	(406,743)	-	-	
SAN258	1149000	Central Mobility Station	-	5,620,169	(5,620,169)	-	-	
SAN259	1239821	LOSSAN Corridor Improvements	-	11,053	(11,053)	-	-	
SAN60	1239820	COASTER Train Sets	-	8,826	(8,826)	-	-	
SAN261	1210091	Palomar Street Rail Grade Separation	-	414	(414)	-	-	
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	-	247,349	(247,349)	-	-	
SAN269	1600101	CMCP - Region Wide Plan	-	216,217	(216,217)	-	-	
SAN274	1239819	Carlsbad Village Double Track Trench	-	4,596	(4,596)	-	-	
SAN281	1210021	Blue Line Railway Signal Improvements	-	30,303	(30,303)	-	-	
V11	1201101	State Route 11	-	1,541,275	(1,541,275)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	1,380,306	(1,380,306)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	7,049,709	(7,049,709)	-	-	
V22	1606701	CMCP-San Vicente Corridor	-	2,181	(2,181)	-	-	
		Total Major Corridor	-	76,667,100	(76,830,538)	-	(163,438)	
		Total <i>TransNet</i> Extension	\$ 130,400	\$ 151,529,692	\$ (151,743,417)	\$ -	\$ (83,325)	

Notes:

- (a) Negative expenditures in FY 21 due to prior year corrections.
- (b) Adjustment made as part of an inter-MPOID transfer.
- (c) *TransNet* funds were returned in FY 21 due to Caltrans EAP refund of excess deposit on hand. See Caltrans audit for more detail.
- (d) Excess deposit on hand moved to another project. See Caltrans audit for more details.
- (e) PIO in progress with Caltrans to swap *TransNet* funds with other project funding.
- (f) Project closed in FY21, expenses & revenues allocated to another project.
- (g) *TransNet* funds were returned in FY 20 due to other funding received for prior year expenditures.

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
TransNet Extension:					
Administration:					
		SANDAG 1% Administration	\$ 34,441,488	\$ (34,361,375)	\$ 80,113
		Total Administration	<u>34,441,488</u>	<u>(34,361,375)</u>	<u>80,113</u>
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	2,556,999	(2,556,999)	-
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	116,469	(116,469)	-
DM07	1223088	Civic Center Bike Locker	9,203	(9,203)	-
IB19	1223092	IB Biking Education, Encouragement and Awareness Campaign	49,999	(49,999)	-
NC35	1223089	National City Bicycle Parking Enhancements	46,071	(46,071)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	4,786,000	(4,786,000)	-
SD259	1223091	Move Free SD Education, Encouragement and Awareness Campaign	104,396	(104,396)	-
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	<u>3,700,000</u>	<u>(3,700,000)</u>	<u>-</u>
		Total BPNS - Pass Through	<u>11,369,137</u>	<u>(11,369,137)</u>	<u>-</u>
BPNS:					
CAL330	1223014	SR-15 Commuter Bike Facility	337,827	(337,827)	-
NC35	1223089	National City Bicycle Parking Enhancements	28	(28)	-
	3300100/				
SAN40	3300200/	Metropolitan Planning	636,247	(636,247)	-
	3300300				
SAN73A	1239817	Chesterfield Drive Crossing Improvements	486,000	(486,000)	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	2,529,954	(2,529,954)	-
SAN153	1223023	The Inland Rail Trail	13,070,360	(13,070,360)	-
SAN154	1129900	Bayshore Bikeway Segment 8B	767,465	(767,465)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	<u>21,599,565</u>	<u>(21,599,565)</u>	<u>-</u>
		Subtotal BPNS	<u>39,427,446</u>	<u>(39,427,446)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
		Balance carried forward - BPNS	\$ 39,427,446	\$ (39,427,446)	\$ -
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	3,127,475	(3,127,475)	-
SAN156	3301100	Plan for Future Coastal Rail Trail	33,011	(33,011)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,405,801	(1,405,801)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	15,116,026	(15,116,026)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	5,577,671	(5,577,671)	-
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	561,912	(561,912)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	868,561	(868,561)	-
SAN203	1223056	San Ysidro to IB Parkway	2,793,239	(2,793,239)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	1,181,827	(1,181,827)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	2,975,307	(2,975,307)	-
SAN206	1223058	Southeast to Downtown Bikeway	3,200,773	(3,200,773)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard Bikeway	1,264,051	(1,264,051)	-
SAN230	1223087	North Park/Mid-City Bikeway: Orange	670,878	(670,878)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	2,277,282	(2,277,282)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	18,151,770	(18,151,770)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	2,364,128	(2,364,128)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	2,121,631	(2,121,631)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	148,214	(148,214)	-
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	197,374	(197,374)	-
SAN272	1223093	GObyBIKE San Diego: Construction Outreach Program	22,814	(22,814)	-
		Total BPNS	<u>103,487,191</u>	<u>(103,487,191)</u>	<u>-</u>
		Senior Services - Pass-Through:			
LAM27	1270400	La Mesa - Rides4Neighbors	1,512,323	(1,512,323)	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	835,456	(835,456)	-
O34	1270500	Oceanside - Senior Shuttle Program	1,047,367	(1,047,367)	-
SAN70	1271000	Jewish Family Services - Rides and Smiles	839,539	(839,539)	-
SAN70	1271800	On the Go (Eastern San Diego)	729,739	(729,739)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	1,080,970	(1,080,970)	-
		Total SAN70	<u>2,650,248</u>	<u>(2,650,248)</u>	<u>-</u>
		Subtotal Senior Services - Pass-Through	<u>6,045,394</u>	<u>(6,045,394)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Balance carried forward - Senior Services - Pass-Through	\$ 6,045,394	\$ (6,045,394)	\$ -
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	493,544	(493,544)	-
SAN92	1271300	Travelers Aid Society - SeniorRide	1,651,745	(1,651,745)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	1,317,384	(1,317,384)	-
SAN185	1270800	FACT - Ride FACT	1,268,831	(1,268,831)	-
SAN243	1272600	FACT - RIDEfinder	82,806	(82,806)	-
		Total Senior Services - Pass-Through	<u>11,788,414</u>	<u>(11,788,414)</u>	<u>-</u>
		Senior Services:			
	3320100/3				
SAN40	320201	Short Range Transit Svc Activities/Specialized Transportation	<u>590,064</u>	<u>(590,064)</u>	<u>-</u>
		Total Senior Services	<u>590,064</u>	<u>(590,064)</u>	<u>-</u>
		Smart Growth - Pass-Through:			
CHV86	1224059	Third Avenue Streetscape Improvement Project (TASIP-STL406) Phase II	2,056,982	(2,056,982)	-
CNTY95	1224054	Alpine Community Plan Implementation	29,973	(29,973)	-
CNTY96	1224055	Casa De Oro - Campo Road Specific Plan	295,846	(295,846)	-
CNTY97	1224056	Valley Center Community Plan Update	296,492	(296,492)	-
EL40	1224067	El Cajon Transit Center Community Connection Improvements	474,524	(474,524)	-
EL41	1224068	Main Street - Green Street Gateway	341,150	(341,150)	-
ESC44	1224034	Escondido Transit Center Active Transportation Connections	1,165,169	(1,165,169)	-
ESC48	1224060	Grand Avenue Complete Streets Improvement Project, Phase 1 - (Conge	257,408	(257,408)	-
LAM47	1224036	N Spring Street Smart Growth	735,968	(735,968)	-
LAM49	1224047	Complete Streets Integrated Design Manual	119,481	(119,481)	-
LG26	1224069	Connect Main Street, Ph 1&2	277,562	(277,562)	-
NC29	1224048	National City 24th St Transit Oriented Development Overlay	499,999	(499,999)	-
		Subtotal Smart Growth - Pass-Through	<u>6,550,554</u>	<u>(6,550,554)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
		Balance carried forward - Smart Growth - Pass-Through	\$ 6,550,554	\$ (6,550,554)	\$ -
NC36	1224061	Roosevelt Avenue Corridor Smart Growth Revitalization Project	1,348,317	(1,348,317)	-
NC37	1224062	Sweetwater Road Protected Bikeway	298,954	(298,954)	-
O49	1224058	Coastal Rail Trail Extension	349,833	(349,833)	-
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	999,999	(999,999)	-
SD253	1224049	Clairemont Transit Oriented Development Design Concepts	378,113	(378,113)	-
SD254	1224050	College Area Smart Growth Study (CASGS)	298,277	(298,277)	-
SD255	1224051	E Street Greenway Master Plan	94,997	(94,997)	-
SD256	1224052	Mira Mesa Transit Oriented Development	474,826	(474,826)	-
SD257	1224053	University Community Smart Growth Concept Study	442,137	(442,137)	-
SD260	1224063	Downtown Mobility Cycle Way Improvement Phase I and II	2,500,000	(2,500,000)	-
SD261	1224064	Downtown San Diego Wayfinding Signage - Cycle Network	117,393	(117,393)	-
SD262	1224065	East Village Green Park Phase I	51,491	(51,491)	-
VISTA54	1224035	Paseo Santa Fe Phase II	2,000,000	(2,000,000)	-
VISTA58	1224066	Paseo Santa Fe Phase II	<u>2,250,915</u>	<u>(2,250,915)</u>	-
		Total Smart Growth - Pass-Through	<u>18,155,806</u>	<u>(18,155,806)</u>	-
		Smart Growth:			
SAN40	3300100	TransNet Smart Growth Incentive Program	669,245	(669,245)	-
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	<u>648,000</u>	<u>(648,000)</u>	-
		Total Smart Growth	<u>1,317,245</u>	<u>(1,317,245)</u>	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	93,600	(93,600)	-
CHV39	3311002	Traffic Signal System Optimization	139,500	(139,500)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	100,000	(100,000)	-
EL06	3311002	Traffic Signals Project	87,300	(87,300)	-
ENC28	3311002	Traffic Signal Modifications	66,600	(66,600)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	51,800	(51,800)	-
NC04	3311002	Traffic Signal Install/Upgrade	72,000	(72,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	89,600	(89,600)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	58,400	(58,400)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	540,800	(540,800)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	86,400	(86,400)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	59,200	(59,200)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	<u>35,200</u>	<u>(35,200)</u>	-
Total Local Street Improvements			<u>1,480,400</u>	<u>(1,480,400)</u>	-
Regional Environmental Mitigation Program (EMP) - Pass-Through:					
CAL29	1207602	Caltrans SR 76 Middle EMP	6,146,000	(6,146,000)	-
CAL29B	1207606	Caltrans SR 76 East EMP	8,133,000	(8,133,000)	-
V07	12002xx	Caltrans EMP	163,273,185	(163,273,185)	-
V08	1200300	Regional Habitat Conservation Fund	49,142	(49,142)	-
V08	1200312	Program Developer/Administrator	154,088	(154,088)	-
V08	1200313	Invasive Plant Species Management	189,093	(189,093)	-
V08	1200316	Management Coordinator	77,993	(77,993)	-
V08	1200329	GIS Support	131,322	(131,322)	-
V08	1200331	Wildlife Corridor and Linkages Monitoring	522,097	(522,097)	-
V08	1200332	Rare and Endemic Plant Monitoring and Recovery	231,524	(231,524)	-
V08	1200343	Other Species Monitoring	15,301	(15,301)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
V08	1200357	Database Support	<u>105,771</u>	<u>(105,771)</u>	-
Subtotal V08			<u>2,247,630</u>	<u>(2,247,630)</u>	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
		Balance carried forward - Subtotal V08	\$ 2,247,630	\$ (2,247,630)	\$ -
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	1201302	SDNWR: Mother Miguel Mountain	19,504	(19,504)	-
V08	1201318	Native Seed Bank	492,395	(492,395)	-
V08	1201319	Otay Mesa Rare Plants	108,422	(108,422)	-
V08	1201320	Proctor Valley Vernal Pools	337,524	(337,524)	-
V08	1201321	North County Dunes 2	188,514	(188,514)	-
V08	1201322	SD Thornmint Restoration	67,568	(67,568)	-
V08	1201323	Navajo Canyon	79,725	(79,725)	-
v08	1201324	Florida Canyon	43,315	(43,315)	-
V08	1201325	Elfin Forest	79,852	(79,852)	-
V08	1201326	Otay Mesa Open Space	79,985	(79,985)	-
V08	1201328	Cabrillo	25,341	(25,341)	-
V08	1201329	Ramona Grasslands	79,786	(79,786)	-
V08	1201330	Rice Canyon Invasive Removal	32,313	(32,313)	-
V08	1201331	Wright's Field	60,999	(60,999)	-
V08	1201332	Boulder Creek	47,324	(47,324)	-
V08	1201333	Rare Plants 2	61,911	(61,911)	-
V08	1201334	Silverwood-Anstine	23,557	(23,557)	-
V08	1201335	Veldt Grass 2	76,653	(76,653)	-
V08	1201336	Invasive Species Management	114,203	(114,203)	-
V08	1201337	San Pasqual Cactus Wren	50,205	(50,205)	-
V08	1201338	Lower Otay Reservoir	64,552	(64,552)	-
V08	1201339	Burrowing Owl	49,999	(49,999)	-
V08	1201340	Mission Bay Park	144,701	(144,701)	-
V08	1201341	Stinknet Removal	84,277	(84,277)	-
		Total V08	5,988,057	(5,988,057)	-
		Total Regional EMP - Pass-Through	183,540,242	(183,540,242)	-

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
Environmental Mitigation Program (EMP):					
V07	12002xx	Biological Mitigation	\$ 172,191,224	\$ (172,191,224)	\$ -
V08	12003xx/12001xx	Regional Habitat Conservation Fund	<u>30,395,945</u>	<u>(30,395,945)</u>	<u>-</u>
Total EMP			<u>202,587,169</u>	<u>(202,587,169)</u>	<u>-</u>
BRT/Rail Operations					
SAN80	1130100	Financial ERP System	837,499	(837,499)	-
SAN80	1131600	Human Resources Info System	400,180	(400,180)	-
SAN80	1147400	Content Management	119,046	(119,046)	-
SAN80	2301900	Quality Assurance & Control	400,000	(400,000)	-
SAN80	2302100	Transportation Modeling Development	9,783	(9,783)	-
SAN80	2302200	Data Dissemination	120,306	(120,306)	-
SAN80	2302300	Data Acquisition, Management, Govern	590,000	(590,000)	-
SAN80	2402000	Data Science, Open/Big Data	359,135	(359,135)	-
SAN80	3102000	SD Forward Regional Plan	5,073,394	(5,073,394)	-
SAN80	3310703	TDM - Program & Svs Delivery	47,754	(47,754)	-
SAN80	3310714	Mobility & Innovations Program	194,293	(194,293)	-
SAN80	3400500	Interregional Planning: Tribal Liaison Program	5,000	(5,000)	-
SAN80	8000103	Office of the Independent Performance Auditor	565,551	(565,551)	-
SAN80	8000180	Information Services	<u>715,841</u>	<u>(715,841)</u>	<u>-</u>
Total BRT/Rail Operations			<u>9,437,782</u>	<u>(9,437,782)</u>	<u>-</u>
Major Corridor - Pass-Through:					
CAL09	1200501	I-5 North Coast	14,789,004	(14,789,004)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	44,057,673	(44,057,673)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	40,533,546	(40,533,546)	-
CAL09	1200510	I-5 HOV Carlsbad	<u>1,383,000</u>	<u>(1,383,000)</u>	<u>-</u>
Total CAL09			<u>100,763,223</u>	<u>(100,763,223)</u>	<u>-</u>
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	27,317,686	(27,317,686)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	26,311,032	(26,311,032)	-
CAL26	1205203	State Route 52 Freeway (E&F)	58,950,735	(58,950,735)	-
CAL29	1207602	SR 76 Middle	<u>40,991,101</u>	<u>(40,991,101)</u>	<u>-</u>
Subtotal Major Corridor - Pass-Through			<u>254,333,777</u>	<u>(254,333,777)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Balance carried forward - Major Corridor - Pass-Through	\$ 254,333,777	\$ (254,333,777)	\$ -
CAL29B	1207606	SR 76 East	50,947,620	(50,947,620)	-
CAL38	1390501	SR-905 New Freeway	614,067	(614,067)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	274,603	(274,603)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	12,760,000	(12,760,000)	-
CAL78B	1280511	I-805 North: 2HOV	4,323,000	(4,323,000)	-
CAL78C	1280510	I-805 South: 2 HOV and DAR	103,938,031	(103,938,031)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	4,616,374	(4,616,374)	-
CAL114	1200513	SR56 Auxiliary Lane	367,596	(367,596)	-
CAL277A	1207803	SR78/I-5 HOV Connector	2,658,478	(2,658,478)	-
CAL278	1207801	SR78 Corridor	9,288	(9,288)	-
CAL550	1605201	CMCP-Coast Canyon Trails SR52	232,000	(232,000)	-
CAL552	1685501	CMCP-Sbay to Sorrento	267,000	(267,000)	-
CAL553	1607801	CMCP-SPRINTER/Palomar Airport Rd/S	305,000	(305,000)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	422,000	(422,000)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,674,160	(11,674,160)	-
SAN47	1280504	South Bay BRT	2,938,327	(2,938,327)	-
SAN60	1239820	COASTER Train Sets	1,500,000	(1,500,000)	-
SAN73	1239806	San Elijo Lagoon Double Track	7,786,582	(7,786,582)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	3,154,106	(3,154,106)	-
SAN183	1239816	Batiquitos Lagoon Double Track	655,365	(655,365)	-
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	91,000	(91,000)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive	1,128,095	(1,128,095)	-
V11	1201101	State Route 11	1,558,550	(1,558,550)	-
V15	1200508	I-5 Gilman Drive Bridge	113,999	(113,999)	-
V18/CAL369	1200507	I-5/Voigt Drive Direct Access Ramp	686,952	(686,952)	-
V22	1606701	CMCP-San Vicente Corridor	12,000	(12,000)	-
	1200100	TransNet Project Office	364,156	(364,156)	-
		Total Major Corridor - Pass-Through	<u>467,732,126</u>	<u>(467,732,126)</u>	<u>-</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
Major Corridor:					
CAL09	1200501	I-5 North Coast	\$ 15,063,692	\$ (15,063,692)	\$ -
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	16,759,588	(16,759,588)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	11,541,302	(11,541,302)	-
CAL09	1200510	I-5 HOV Carlsbad	45,424	(45,424)	-
		Total CAL09	<u>43,410,006</u>	<u>(43,410,006)</u>	<u>-</u>
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,915,649	(4,915,649)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	14,618,212	(14,618,212)	-
CAL26	1205203	State Route 52 Freeway (E&F)	16,928,102	(16,928,102)	-
CAL29	1207602	SR 76 Middle	7,000,739	(7,000,739)	-
CAL29B	1207606	SR 76 East	(272,231)	108,793	(163,438)
CAL38	1390501	SR-905 New Freeway	725,883	(725,883)	-
CAL68	1212501	SR-94-125 Widening	1,563,024	(1,563,024)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,495,379	(5,495,379)	-
CAL78B	1280511	I-805 North: 2 HOV	2,604,424	(2,604,424)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,144,516	(9,144,516)	-
CAL78D	1280515	I-805 S Soundwalls	855,229	(855,229)	-
CAL114	1200513	SR56 Auxiliary Lane	5,341	(5,341)	-
CAL277	1207802	I-15/SR78 HOV Connectors	123,538	(123,538)	-
CAL277A	1207803	SR78/I-5 HOV Connector	11	(11)	-
CAL369/V18	1200507	I-5/Voigt Drive Direct Access Ramp	4,531,346	(4,531,346)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
CAL502	1280516	I-805 North Construct Operational Improvements	17,760	(17,760)	-
CAL550	1605201	CMCP - Sea to Santee (SR52)	61,565	(61,565)	-
CAL552	1680501	CMCP - San Ysidro to Sorrento Corridor	-	-	-
CAL552	1685501	CMCP-Sbay to Sorrento	1,269,930	(1,269,930)	-
		Total CAL552	<u>1,269,930</u>	<u>(1,269,930)</u>	<u>-</u>
		Subtotal Major Corridor	<u>113,154,227</u>	<u>(113,317,665)</u>	<u>(163,438)</u>

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Balance carried forward - Major Corridor	\$ 113,154,227	\$ (113,317,665)	\$ (163,438)
CAL553	1607801	CMCP - SPRINTER/Palomar Airport Rd/SR78/SR76	55,415	(55,415)	-
CAL554	1600502	CMCP - Blue Line Express/I-5 South	-	-	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	25,801,397	(25,801,397)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	797,633,890	(797,633,890)	-
SAN26B	1201509	Downtown BRT Stations	20,742,140	(20,742,140)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	26,451,541	(26,451,541)	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	4,655,307	(4,655,307)	-
SAN29	1239812	Sorrento to Miramar Phase 2	6,616,934	(6,616,934)	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	5,391,360	(5,391,360)	-
SAN31	1142300	Escondido Maintenance Facility	206,852	(206,852)	-
SAN36	1144000	Substation SCADA Design	153,595	(153,595)	-
SAN36	1129200	OCS Insulator/Catch Cable Replacement	541,239	(541,239)	-
		Total SAN36	694,834	(694,834)	-
SAN46	1041502	<i>SuperLoop</i>	33,088,110	(33,088,110)	-
SAN47	1280504	Otay BRT	100,120,308	(100,120,308)	-
SAN54	1144800	Regional Arterial Detection P1	197,537	(197,537)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	1,197,550	(1,197,550)	-
SAN54	3311000	ITS Operations	12,368,927	(12,368,927)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	577,834	(577,834)	-
SAN54	3331200	RTS Mgt & Op Plan	87,568	(87,568)	-
		Total SAN54	14,429,416	(14,429,416)	-
SAN64	1239809	Eastbrook to Shell Double Track	3,734,611	(3,734,611)	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	15,379,038	(15,379,038)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	1,223,285	(1,223,285)	-
SAN78	1240001	Mid-City Rapid Bus	21,206,204	(21,206,204)	-
SAN79	1142500	Centralized Train Control	908,758	(908,758)	-
		Subtotal Major Corridor	1,191,493,627	(1,191,657,065)	(163,438)

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2021
		Balance carried forward - Major Corridor	\$ 1,191,493,627	\$ (1,191,657,065)	\$ (163,438)
SAN117	1239805	Poinsettia Run Through Track	16,819,491	(16,819,491)	-
SAN119	1239807	Sorrento Valley Double Track	3,621,507	(3,621,507)	-
SAN129	1201514	Downtown Layover Facility	18,153,320	(18,153,320)	-
SAN130	1239810	Carlsbad Village Double Track	2,347,977	(2,347,977)	-
SAN132	1239811	Elvira to Morena Double Track	35,018,939	(35,018,939)	-
SAN149	1239814	Coaster PE	1,240,157	(1,240,157)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	5,079,442	(5,079,442)	-
SAN172	1210030	Blue Line Station Rehabilitation	32,810,012	(32,810,012)	-
SAN173	1210040	Blue Line Rail Infrastructure	15,485,209	(15,485,209)	-
SAN182	1239815	San Diego River Bridge	12,143,001	(12,143,001)	-
SAN183	1239816	Batiquitos Lagoon Double Track	4,546,189	(4,546,189)	-
SAN201	1145500	Airport Connection	1,076,801	(1,076,801)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,655,107	(1,655,107)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	11,639,001	(11,639,001)	-
SAN253	1600501	CMCP - Central Mobility Hub	478,471	(478,471)	-
SAN253	1600503	CMH Military Inst. Resilience	79,954	(79,954)	-
SAN253	1600504	CMCP - CMH & Connections	7,546	(7,546)	-
		Total SAN253	565,971	(565,971)	-
SAN258	1149000	Central Mobility Station	10,238,700	(10,238,700)	-
SAN259	1239821	LOSSAN Corridor Improvements	11,053	(11,053)	-
SAN260	1239820	COASTER Train Sets	8,826	(8,826)	-
SAN261	1210091	Palomar Street Rail Grade Separation	583	(583)	-
SAN264	3502000	Regional Electric Vehicle Charging Incentive Program	252,349	(252,349)	-
SAN269	1600101	CMCP - Region Wide Plan	348,815	(348,815)	-
SAN274	1239819	Carlsbad Village Double Track Trench	10,665	(10,665)	-
SAN281	1210021	Blue Line Railway Signal Improvements	30,303	(30,303)	-
V11	1201101	State Route 11	7,751,508	(7,751,508)	-
V15	1200508	I-5/Gilman Drive Bridge	13,582,743	(13,582,743)	-
V18	1200507	I-5/Voigt Drive Improvements	16,339,822	(16,339,822)	-
V22	1606701	CMCP-San Vicente Corridor	2,181	(2,181)	-
		Total Major Corridor	1,402,273,299	(1,402,436,737)	(163,438)
		Subtotal Cumulative <i>TransNet</i> Extension	2,448,200,363	(2,448,283,688)	(83,325)

(Continued)

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2021

<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, 2021</u>
		Balance Carried Forward - Subtotal <i>TransNet</i> Extension	\$ 2,448,200,363	\$ (2,448,283,688)	\$ (83,325)
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	19,503,233	(19,503,233)	-
		Senior Services	5,009,758	(5,009,758)	-
		Smart Growth	24,692,788	(24,692,788)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	12,821,456	(12,821,456)	-
		BRT/Rail Operations	166,589	(166,589)	-
		Major Corridor	<u>590,016,195</u>	<u>(590,016,195)</u>	<u>-</u>
		Total Completed Projects	<u>666,481,638</u>	<u>(666,481,638)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 3,114,682,001</u>	<u>\$ (3,114,765,326)</u>	<u>\$ (83,325)</u>