

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension

Activities Year Ended June 30, 2018

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet and TransNet Extension Activities

Year Ended June 30, 2018

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TransNet and *TransNet* Extension Activities

Summary of Results

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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, 2018. We performed the procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

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

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

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The procedures performed were approved by the ITOC prior to commencing fieldwork. The sufficiency of those procedures is solely the responsibility of the ITOC. The specific procedures performed and the results of those procedures are included in each of the draft reports for the recipient agencies. Following approval of the procedures, we scheduled and performed our fieldwork during the months of September 2018 through December 2018.

Results of Procedures

TransNet and TransNet Extension Expenditures

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

During our fieldwork, we obtained the following items:

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

The objectives of the procedures were to ensure the following:

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

Based upon the results of the procedures performed, all recipient agencies were in compliance with the revenue and expenditure requirements. In addition, the Cities of Lemon Grove and Oceanside are in the

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

Maintenance of Effort (MOE)

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

During our fieldwork, we obtained the following items:

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

Based upon the results of the procedures performed, all recipient agencies were in compliance with the MOE requirements for the year ended June 30, 2018, with the exception of the City of San Marcos and the City of Del Mar. 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, 2018 to use for fiscal year 2021, 2022 and 2023 audits.

- Calculated the growth rate in the construction price index from June 30, 2015 to June 30, 2018.
- Calculated the growth rate in the general fund revenues from June 30, 2015 to June 30, 2018.
- 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, 2018.

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.

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

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

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

Based upon the results of the procedures performed, all recipient agencies, with the exception of the City of Coronado, were in compliance with the 30% Rule. This instance of non-compliance was reported for informational purposes only and not as a finding. However, SANDAG will defer payments to this agency until they are in compliance with the 30% Rule. See Attachment 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 2017 *TransNet* Streets and Road Fund Allocation Schedule and determined that at least 70% of the revenues provided for local street and road purposes were used for congestion relief purposes and that no more than 30% were used for maintenance purposes.

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

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Local Street Improvements: Maintenance Monitoring

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

Indirect Costs Allocated to Projects in RTIP

We inquired of management whether indirect costs are allocated to the projects included in the RTIP. If so, we documented the indirect cost rate allocated and the basis of allocation. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by a certified public accounting firm. If not, 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 \$2,404 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.

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

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

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

Transit Operator Eligibility for Receipt of Funds

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

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

- Calculated the increase in operating cost per revenue vehicle hour for bus services and revenue vehicle mile for rail services between June 30, 2017 and June 30, 2018;
- Calculated the increase in the CPI for San Diego County between June 30, 2017 and June 30, 2018; 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) and the San Diego Metropolitan Transit System (MTS) were not in compliance with the rail operator portion of the eligibility requirements. After NCTD requested the use of the 3-year average and MTS requested the exclusion of costs and the use of the 3-year average, the rail operator eligibility was in compliance.

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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 Imperial Beach	Need to use approved exaction fee	In process of collecting
City of Imperial Beach	Need to only include eligible costs	Moved ineligible costs
City of National City	Need to use approved exaction fee	In process of collecting
City of San Marcos	Need to meet MOE requirement	Requested 3-year extension
City of Del Mar	Need to meet MOE requirement	Requested 3-year extension

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 2018				
	In Compliance	Streets and Roads	Specialized Transportation Services	Transit Bus Subsidies	Deficit Amount
Carlsbad	Yes	\$6,023,551	–	–	–
Chula Vista	Yes	3,509,614	–	–	–
Coronado	Yes	863,498	–	–	–
Del Mar	No	453,089	20,877	–	932
El Cajon	Yes	1,712,753	–	–	–
Encinitas	Yes	1,932,140	53	–	–
Escondido	Yes	2,889,819	–	–	–
Imperial Beach	Yes	220,018	–	–	–
La Mesa	Yes	1,774,888	–	–	–
Lemon Grove	Yes	181,274	–	–	–
National City	Yes	1,970,841	–	–	–
Oceanside	Yes	2,786,239	–	–	–
Poway	Yes	1,088,158	–	–	–
San Diego	Yes	22,679,581	167,817	903,424	–
San Marcos	No	4,489,387	–	–	292,229
Santee	Yes	567,501	–	–	–
Solana Beach	Yes	457,765	–	–	–
Vista	Yes	2,413,718	–	–	–
County of San Diego (1)	–	–	–	–	–

Yes = In Compliance

No = Not in compliance

– = Not applicable

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

Maintenance of Effort Re-Indexing

	Previous approved MOE Base			Growth Rate		Adjusted MOE as of June 30, 2018		
	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	\$6,023,551	0	0	1.12	1.33	\$6,746,377	0	0
Chula Vista	3,509,614	0	0	1.25	1.33	4,387,018	0	0
Coronado	863,498	0	0	1.14	1.33	984,388	0	0
Del Mar	453,089	20,877	0	1.35	1.33	602,608	27,766	0
El Cajon	1,712,753	0	0	1.08	1.33	1,849,773	0	0
Encinitas	1,932,140	53	0	1.18	1.33	2,279,925	63	0
Escondido	2,889,819	0	0	1.16	1.33	3,352,190	0	0
Imperial Beach	220,018	0	0	1.06	1.33	233,219	0	0
La Mesa	1,774,888	0	0	1.14	1.33	2,023,372	0	0
Lemon Grove	181,274	0	0	1.12	1.33	203,027	0	0
National City	1,970,841	0	0	1.03	1.33	2,029,966	0	0
Oceanside	2,786,239	0	0	1.12	1.33	3,120,588	0	0
Poway	1,088,158	0	0	1.22	1.33	1,327,553	0	0
San Diego, City	22,679,581	167,817	903,424	1.14	1.33	25,854,722	191,311	1,029,903
San Marcos	4,489,387	0	0	1.09	1.33	4,893,432	0	0
Santee	567,501	0	0	1.16	1.33	658,301	0	0
Solana Beach	457,765	0	0	1.17	1.33	535,585	0	0
Vista	2,413,718	0	0	1.12	1.33	2,703,364	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 2016 – FY 2018

Recipient Agency	Fiscal Year 2018				Fiscal Year 2017				Fiscal Year 2016		
	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	S&R Balance	Excess Amount	In Compliance	30% Limitation	Excess Amount
Streets and Roads											
Carlsbad	Yes	\$937,479	(\$283,939)	–	Yes	\$841,909	\$57,274	–	Yes	\$829,883	–
Chula Vista	Yes	1,812,757	436,127	–	Yes	1,744,293	190,764	–	Yes	1,715,670	–
Coronado	No	184,344	269,540	85,196	Yes	174,048	74,558	–	Yes	172,696	–
Del Mar	Yes	592	(1,460)	–	Yes	1,254	(6,483)	–	Yes	(1,178)	–
El Cajon	Yes	721,877	(188,290)	–	Yes	710,013	39,434	–	Yes	706,011	–
Encinitas	Yes	512,643	(174,123)	–	Yes	484,624	(41,809)	–	Yes	479,269	–
Escondido	Yes	1,072,133	(380,740)	–	Yes	1,044,054	901,815	–	No	1,038,115	1,299,758
Imperial Beach	Yes	217,951	185,017	–	Yes	204,777	108,448	–	Yes	203,594	–
La Mesa	Yes	470,691	(816,963)	–	Yes	341,921	(119,472)	–	No	301,707	18,119
Lemon Grove	Yes	214,923	(1,225,003)	–	Yes	210,877	(1,260,206)	–	Yes	207,659	–
National City	Yes	307,387	8,410	–	Yes	298,272	(128,527)	–	Yes	292,442	–
Oceanside	Yes	1,368,183	(6,757,986)	–	Yes	1,348,902	(4,188,831)	–	Yes	1,336,339	–
Poway	Yes	451,912	181,648	–	Yes	442,600	331,386	–	No	439,174	22,560
San Diego, City	Yes	9,742,010	145,045	–	Yes	9,523,915	(166,070)	–	Yes	9,327,243	–
San Marcos	Yes	474,536	(131,995)	–	Yes	458,310	(927,079)	–	No	593,220	277,963
Santee	Yes	150,487	(86,005)	–	Yes	141,034	98,297	–	Yes	144,187	–
Solana Beach	Yes	66,717	(102,076)	–	Yes	63,316	(9,728)	–	Yes	62,267	–
Vista	Yes	688,109	438,372	–	Yes	668,767	(49,020)	–	Yes	664,018	–
County of San Diego	Yes	4,186,676	3,879,380	–	Yes	4,008,581	994,842	–	Yes	3,950,425	–
Transit											
Metropolitan Transit System (MTS)	Yes	9,387,901	–	–	Yes	9,345,784	–	–	Yes	9,183,692	–
North County Transit District (NCTD)	Yes	3,769,526	–	–	Yes	3,750,308	–	–	Yes	3,697,342	–

Yes = In Compliance

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

Compliance with Allocation of Local Street Improvements Revenues

Recipient Agency	Fiscal Year 2018		
	Allocation of Sales Tax Revenues Received	70% Congestion Relief Allocated	30% Maintenance Allocated
Carlsbad	\$3,124,931	\$2,187,452	\$937,479
Chula Vista	6,042,524	4,229,767	1,812,757
Coronado	614,480	430,136	184,344
Del Mar	198,619	139,033	59,586
El Cajon	2,406,258	1,684,381	721,877
Encinitas	1,708,811	1,196,168	512,643
Escondido	3,573,775	2,501,643	1,072,133
Imperial Beach	726,502	508,551	217,951
La Mesa	1,568,970	1,098,279	470,691
Lemon Grove	716,409	501,486	214,923
National City	1,403,783	982,648	421,135
Oceanside	4,611,369	3,262,958	1,398,411
Poway	1,506,372	1,054,460	451,912
San Diego, City	32,473,365	22,731,355	9,972,009
San Marcos	2,229,867	1,560,907	668,960
Santee	1,456,836	1,019,785	437,051
Solana Beach	439,657	307,760	131,897
Vista	2,293,697	1,605,588	688,109
County of San Diego	15,249,117	10,674,382	4,574,735

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	\$35,103,998	\$10,531,199	\$ (416,699)	\$10,114,500	1.19%	Yes
Chula Vista	57,435,097	17,230,529	(12,793,661)	4,366,868	22.27%	Yes
Coronado	6,123,781	1,837,134	(283,272)	1,553,862	4.63%	Yes
Del Mar	6,260,188	1,878,056	(394,270)	1,483,786	6.30%	Yes
El Cajon	23,477,461	7,043,238	(4,259,751)	2,783,487	18.14%	Yes
Encinitas	18,540,853	5,562,256	(1,564,310)	3,997,946	8.44%	Yes
Escondido	39,287,047	11,786,114	(9,744,725)	2,041,389	24.80%	Yes
Imperial Beach	7,428,906	2,228,672	(2,009,527)	219,145	27.05%	Yes
La Mesa	19,713,492	5,914,048	(3,662,849)	2,251,199	18.58%	Yes
Lemon Grove	6,913,629	2,074,089	(1,982,727)	91,362	28.68%	Yes
National City	17,045,159	5,113,548	(0)	5,113,548	0.00%	Yes
Oceanside	52,028,969	15,608,691	(13,807,121)	1,801,570	26.54%	Yes
Poway	14,552,143	4,365,643	(4,325,344)	40,299	29.72%	Yes
San Diego, City	308,127,482	92,438,245	(89,793,067)	2,645,178	29.14%	Yes
San Marcos	35,934,025	10,780,208	(3,723,704)	7,056,504	10.36%	Yes
Santee	27,938,953	8,381,686	(3,123,320)	5,258,366	11.18%	Yes
Solana Beach	9,990,571	2,997,171	(239,587)	2,757,584	2.40%	Yes
Vista	24,181,465	7,254,440	(4,695,855)	2,558,858	19.42%	Yes
San Diego, County	156,699,318	47,009,795	(9,921,391)	37,088,404	6.33%	Yes

Indirect Costs Allocated to RTIP

Recipient Agency	Total <i>TransNet</i> Expenditures	Indirect Costs Charged to <i>TransNet</i>	Indirect Costs as a % of Total <i>TransNet</i> Expenditures	Last Allocation Plan Approval
Carlsbad	\$3,556,537	\$131,368	3.69%	2017
Chula Vista	7,431,821	792,315	10.66%	2010
Coronado	519,457	95,144	18.32%	n/a
Del Mar	203,284	0	0.00%	n/a
El Cajon	2,222,821	31,519	1.42%	2016
Encinitas	2,275,474	0	0.00%	n/a
Escondido	7,045,454	210,960	2.99%	2017
Imperial Beach	558,772	0	0.00%	n/a
La Mesa	1,743,661	0	0.00%	n/a
Lemon Grove	1,458,821	90,562	6.21%	n/a
National City	3,548,490	0	0.00%	n/a
Oceanside	12,963,931	1,487,008	11.47%	n/a
Poway	1,671,739	0	0.00%	n/a
San Diego, City	33,890,261	3,071,575	9.06%	2017
San Marcos	1,314,335	0	0.00%	n/a
Santee	2,220,822	14,697	0.66%	n/a
Solana Beach	652,501	0	0.00%	n/a
Vista	2,454,592	0	0.00%	n/a
Caltrans	50,875,425	5,382,673	10.58%	2017
San Diego, County	8,367,349	862,348	10.64%	n/a
SANDAG	492,424,694	2,822,885	0.57%	2017

n/a – not applicable

CALTRANS

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the State of California Department of Transportation (Caltrans) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Caltrans' management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

2. We obtained from SANDAG the applicable approved RTIP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<i>TransNet</i> payments made by SANDAG	\$85,435,800
<i>TransNet</i> revenue recorded by Caltrans	<u>65,154,065</u>
Variance	<u>\$20,281,735</u>

The variance was a result of the following:

Paid by SANDAG in 2017, but received by Caltrans in 2018	\$ (2,481,365)
Paid by SANDAG in 2018, but received by Caltrans in 2019	23,992,000

Refund of sales of excess land purchased With <i>TransNet</i> MC EAP funds	(103,900)
BPNS revenues recorded by Caltrans, but not reported on SANDAG's payment schedule	<u>(1,125,000)</u>
Variance	<u>\$20,281,735</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 \$50,875,425. We selected \$18,995,380 (37.34%) 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. 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 67.18% of direct labor costs associated with each project. 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 \$5,382,673 of indirect costs in the RTIP, resulting in 10.58% 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, 2019.

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

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

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

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

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

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

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

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

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

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

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2018 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 deb 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, 2018.

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not

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

engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Agency's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Lan UP". The signature is written in a cursive, flowing style.

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

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

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

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

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

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

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

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

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

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

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID/ Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2018	Notes
TransNet:								
Highways:								
CAL26	Route 52	\$ 13,864	\$ -	\$ -	\$ -	\$ -	\$ 13,864	(a)
CAL31	Route 54/125	565,678	-	-	-	-	565,678	
CAL31	SR-125 8 Lane Freeway	1,861,167	-	-	-	-	1,861,167	
	Total CAL 31 Projects	2,426,845	-	-	-	-	2,426,845	(a)
	Total Highways	2,440,709	-	-	-	-	2,440,709	
	Total <i>TransNet</i>	\$ 2,440,709	\$ -	\$ -	\$ -	\$ -	\$ 2,440,709	
TransNet Extension:								
Major Corridor:								
CAL09	I-5 North Coast	\$ (43,378,817)	\$ 22,097,700	\$ -	\$ 19,036,843	\$ -	\$ (2,244,274)	(b), (c)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	4,470	156,339	-	(261,562)	-	(100,753)	(b)
CAL09 C	I-805 HOV / Carroll Canyon DAR	(425,231)	733,000	-	(336,539)	-	(28,770)	(b)
CAL18 A	I-15 Managed Lanes - North Segment	1,339	(1,339)	-	(65,509)	-	(65,509)	(b)
CAL18 B	I-15 Managed Lanes - South Segment	(20,895)	54,109	-	(62,641)	-	(29,427)	(b)
CAL29	SR 76 Middle	111,688	850,000	-	(628,116)	-	333,572	(d)
	Subtotal Major Corridor	(43,707,446)	23,889,809	-	17,682,476	-	(2,135,161)	

SCHEDULE A

CALTRANS
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID/ Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2018	Notes
	Major Corridor balance carried forward	\$ (43,707,446)	\$ 23,889,809	\$ -	\$ 17,682,476	\$ -	\$ (2,135,161)	
CAL29 B	SR 76 East	4,272,864	2,451,000	-	(7,519,787)	-	(795,923)	(b), (d)
CAL38	SR-905 New Freeway	-	-	-	299,933	-	299,933	(c)
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	22,550	(20,000)	-	-	-	2,550	
CAL68	94/125	619,397	(619,397)	-	-	-	-	
CAL75	I-5 Genesee	(601,290)	4,602,000	-	(4,169,002)	-	(168,292)	(b)
CAL78 B	I-805 North	(21,588)	448,000	-	(1,050,069)	-	(623,657)	(b)
CAL78 C	I-805 South	6,439,542	(1,278,000)	-	(5,411,742)	-	(250,200)	(b), (e)
CAL78 D	I-805 South Soundwalls	8,577	1,581,000	-	(1,676,980)	-	(87,403)	(b), (f), (e)
CAL114	I-5/56 Interchange	(28,511)	42,000	-	(10,208)	-	3,281	
CAL120	Aux / Nordahl	40,133	(39,000)	-	-	-	1,133	
CAL278	SR-78 HOV / Managed Lanes	(30,919)	75,000	-	(35,448)	-	8,633	
CAL325	SR-125/905/11 Connectors	(23,896)	-	-	23,896	-	-	(c)
SAN23	Mid-Coast LRT	-	-	-	(47,859)	-	(47,859)	(b)
SAN26 C	I-15 BRT Stations - South	(353,873)	2,080,397	-	(2,108,475)	-	(381,951)	(b)
SAN47	I-805 BRT	(38,945)	131,904	-	(91,372)	-	1,587	
SAN73	San Elijo Lagoon Double Track	(900,000)	5,730,000	-	(3,811,463)	-	1,018,537	
SAN73A	Chesterfield Dr Crossing	-	818,000	-	(1,417,471)	-	(599,471)	(b), (f)
SAN146	805 Imperial BRT Station	571	(2,013)	-	1,441	1	-	(c), (g)
SAN183	Batiquitos Lagoon Double Track	(655,365)	655,365	-	-	-	-	
SAN224	I-805/SR-94 Bus on Shoulder Demonstratic	-	-	-	(1,360)	-	(1,360)	(b), (f)
V-15	I-5 Gilman Dr Bridge	(9,898)	16,999	-	(59,311)	-	(52,210)	(b)
V-18	I-5 Voigt	(63,657)	64,000	-	-	-	343	
1200100	Program Office	12,001	-	-	57,042	-	69,043	(c)
	Total Major Corridor	<u>(35,019,753)</u>	<u>40,627,064</u>	<u>-</u>	<u>(9,345,759)</u>	<u>1</u>	<u>(3,738,447)</u>	

CALTRANS
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID/ Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	Caltrans Adjustments	Project Status June 30, 2018	Notes
Major Corridor Environmental: Mitigation Program (MC EMP):								
CAL29 B	SR 76 East	(168,000)	168,000	-	-	-	-	(d)
V07	Mitigation Program	<u>11,080</u>	<u>23,234,000</u>	<u>-</u>	<u>(40,365,579)</u>	<u>1</u>	<u>(17,120,498)</u>	(b), (g)
	Total MC EMP	<u>(156,920)</u>	<u>23,402,000</u>	<u>-</u>	<u>(40,365,579)</u>	<u>1</u>	<u>(17,120,498)</u>	
<i>TransNet</i> Bike, Pedestrian & Neighborhood Safety (BPNS) Program:								
CAL330	SR-15 Bike Path	(660,275)	1,125,000	-	(427,036)	-	37,689	
SAN156	Coastal Rail Trail: E St to Chesterfield	<u>-</u>	<u>-</u>	<u>-</u>	<u>(737,051)</u>	<u>-</u>	<u>(737,051)</u>	(b), (f)
	Total <i>TransNet</i> BPNS Program	<u>(660,275)</u>	<u>1,125,000</u>	<u>-</u>	<u>(1,164,087)</u>	<u>-</u>	<u>(699,362)</u>	
	Total <i>TransNet</i> Extension	<u>\$ (35,836,948)</u>	<u>\$ 65,154,064</u>	<u>\$ -</u>	<u>\$ (50,875,425)</u>	<u>\$ 2</u>	<u>\$ (21,558,307)</u>	
	Total <i>TransNet</i> and <i>TransNet</i> Extension	<u>\$ (33,396,239)</u>	<u>\$ 65,154,064</u>	<u>\$ -</u>	<u>\$ (50,875,425)</u>	<u>\$ 2</u>	<u>\$ (19,117,598)</u>	

Notes:

- (a) All projects related to CAL26 and CAL31 in the *TransNet* Highway section are in the final vouchering process and the goal is to close them during FY19.
- (b) Negative project ending balance will be removed with the next invoice to SANDAG in FY19.
- (c) A transfer was made to move expenditures from *TransNet* Major Corridor (MC) funds to other funds to balanced the budget of each.
- (d) CAL29 and CAL29B projects are both funded with MC and EMP MC funds.
- (e) In FY 2018 MPO ID CAL78C was broken up between CAL78C and CAL78D. The project status total as of June 30, 2017 between these two projects remains the same.
- (f) New project added to the 2018 audit.
- (g) Adjustments due to rounding.

SCHEDULE B

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<u>MPO ID/ Project Number</u>	<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Project Status June 30, 2018</u>
TransNet Extension:					
Major Corridor:					
CAL09	I-5 North Coast	\$ 122,830,897	\$ -	\$ (125,075,171)	\$ (2,244,274)
CAL09 A/B	I-5 HOV Ext & Lomas Santa Fe	18,805,794	-	(18,906,547)	(100,753)
CAL09 C	I-805 HOV / Carroll Canyon DAR	26,587,999	-	(26,616,769)	(28,770)
CAL18	I-15 Managed Lanes - Middle Segment	29,448,052	-	(29,448,052)	-
CAL18 A	I-15 Managed Lanes - North Segment	20,339,761	-	(20,405,270)	(65,509)
CAL18 B	I-15 Managed Lanes - South Segment	49,367,861	-	(49,397,288)	(29,427)
CAL26	SR 52 Freeway E&F	48,545,618	-	(48,545,618)	-
CAL29	SR 76 Middle	39,404,265	-	(39,070,693)	333,572
CAL29 B	SR 76 East	48,835,143	-	(49,631,066)	(795,923)
CAL38	SR-905 New Freeway	855,000	-	(555,067)	299,933
CAL67	SR-94 HOV Lanes (I-805 to Downtown)	8,222,000	-	(8,219,450)	2,550
CAL68	94/125	274,603	-	(274,603)	-
CAL75	I-5 Genesee	9,102,000	-	(9,270,292)	(168,292)
CAL77	I-5/8 Connectors	1,455,038	-	(1,455,038)	-
CAL78 B	I-805 North	10,340,604	-	(10,964,261)	(623,657)
CAL78 C	I-805 South	125,052,261	-	(125,302,461)	(250,200)
CAL78 D	I-805 South Soundwalls	2,490,000	-	(2,577,403)	(87,403)
CAL114	I-5/56 Interchange	450,000	-	(446,719)	3,281
CAL120	Aux / Nordahl	10,345,475	-	(10,344,342)	1,133
CAL278	SR-78 HOV / Managed Lanes	1,671,000	-	(1,662,367)	8,633
CAL325	SR-125/905/11 Connectors	2,620,719	-	(2,620,719)	-
SAN23	Mid-Coast LRT	220,000	-	(267,859)	(47,859)
SAN26 C	I-15 BRT Stations - South	11,322,097	-	(11,704,048)	(381,951)
SAN47	I-805 BRT	2,843,327	-	(2,841,740)	1,587
SAN73	San Elijo Lagoon Double Track	5,730,000	-	(4,711,463)	1,018,537
SAN73A	Chesterfield Dr Crossing	818,000	-	(1,417,471)	(599,471)
SAN146	805 Imperial BRT Station	193,087	-	(193,087)	-
SAN183	Batiquitos Lagoon Double Track	655,365	-	(655,365)	-
SAN224	I-805/SR-94 Bus on Shoulder Demonstration	-	-	(1,360)	(1,360)
V-15	I-5 Gilman Dr Bridge	16,999	-	(69,209)	(52,210)
V-18	I-5 Voigt	590,000	-	(589,657)	343
1200100	Program Office	291,000	-	(221,957)	69,043
	Total Major Corridor	\$ 599,723,965	\$ -	\$ (603,462,412)	\$ (3,738,447)

CALTRANS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID/ Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:					
MC EMP					
CAL29 B	SR 76 East	8,133,000	-	(8,133,000)	-
V07	Mitigation Program	<u>76,963,185</u>	<u>-</u>	<u>(94,083,683)</u>	<u>(17,120,498)</u>
	Total MC EMP	<u>85,096,185</u>	<u>-</u>	<u>(102,216,683)</u>	<u>(17,120,498)</u>
TransNet BPNS Program:					
CAL330	SR-15 Bike Path	2,863,000	-	(2,825,311)	37,689
SAN156	Coastal Rail Trail: E St to Chesterfield	<u>-</u>	<u>-</u>	<u>(737,051)</u>	<u>(737,051)</u>
	Total <i>TransNet</i> BPNS Program	<u>2,863,000</u>	<u>-</u>	<u>(3,562,362)</u>	<u>(699,362)</u>
	Subtotal Cumulative <i>TransNet</i> Extension	<u>687,683,150</u>	<u>-</u>	<u>(709,241,457)</u>	<u>(21,558,307)</u>
Completed Projects:					
	Major Corridor	40,391,944	-	(40,391,944)	-
	Mitigation Program (MC EMP)	6,146,000	-	(6,146,000)	-
	<i>TransNet</i> Local Program	<u>3,093,119</u>	<u>-</u>	<u>(3,093,119)</u>	<u>-</u>
	Total Completed Projects	<u>49,631,063</u>	<u>-</u>	<u>(49,631,063)</u>	<u>-</u>
	Total Cumulative <i>TransNet</i> Extension	<u>\$ 737,314,213</u>	<u>\$ -</u>	<u>\$ (758,872,520)</u>	<u>\$ (21,558,307)</u>

CITY OF CARLSBAD, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Carlsbad, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,556,537. We selected \$1,824,669 (51.30%) 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. 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, 2018. 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 \$131,368 of indirect costs in the RTIP, resulting in 3.69% of indirect costs compared to total *TransNet*

expenditures. The City's indirect cost plan was last updated in July 2017. 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, 2019.

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, "CB36 is an ongoing project. This project is the main / overarching Carlsbad Blvd Realignment project for various smaller projects we are working on along Carlsbad Blvd. CB36 will not be closed out until the smaller projects are completed, which won't happen for several years." The status of the project has been added to Schedule A.

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

Results: SANDAG approved the reason for the inactivity on February 4, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$3,124,931
Less: debt service payment	<u> -</u>
Net estimated apportionment	3,124,931
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u> 937,479</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(499,176)
Maintenance fund balance	<u> 215,237</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u> (283,939)</u>
Fund balance under apportionment	<u>\$1,221,418</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$(499,176)	\$ 7,483,724	\$ 6,984,548
Maintenance	<u> 215,237</u>	<u> 9,385,971</u>	<u> 9,601,208</u>
Totals	<u>\$(283,939)</u>	<u>\$16,869,695</u>	<u>\$16,585,756</u>

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

Results: The City has expended 1.19% 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	\$17,537,022	\$ 6,657,229	\$24,194,251
Maintenance	629,825	9,057,324	9,687,149
Interest	<u>67,456</u>	<u>1,155,142</u>	<u>1,222,598</u>
Total local street and road revenue	<u>\$18,234,303</u>	<u>\$16,869,695</u>	<u>\$35,103,998</u>
30% of total local street and road revenue			\$ 10,531,199
Less maintenance expenditures incurred to date			<u>416,699</u>
Available maintenance funds			<u>\$ 10,114,500</u>
Cumulative percentage expended for maintenance			<u>1.19%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General fund revenues as of June 30, 2015	<u>\$155,643,413</u>	<u>\$138,678,753</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 select the lowest rate.

Results: The lowest growth rate is 1.12.

- 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, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$6,023,551
Growth rate	<u>1.12</u>
Adjusted MOE base as of June 30, 2018	<u>\$6,746,377</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.
- c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
- e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$9,843,944
Less MOE base year requirement	<u>(6,023,551)</u>
Excess MOE for the year ended June 30, 2018	<u>\$3,820,393</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. 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, 2018.

- v. 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, 2018.

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

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

- vii. We 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.

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

Results: This procedure is not applicable as the City reported a \$0 balance of RTCIP Funds at June 30, 2017.

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 24, 2018.

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

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

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CB44	N/A	Regional Arterial Management Systems	\$ -	\$ 11,700	\$ -	\$ (11,700)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	11,700	-	(11,700)	-	-	
Congestion Relief:									
CB04A	39572	ECR Widening - Tamarack to Chestnut	(7,663)	7,663	-	-	-	-	(a)
CB17	60143	Carlsbad Blvd Bridge - Powerplant	13,832	185,349	443	(152,943)	-	46,681	(b)
CB17	60532	CB Blvd Railing East Side	-	10,000	89	(705)	-	9,384	(b)
CB20	60011	Pavement Management - Overlay	126,538	1,102,691	-	(1,760,199)	-	(530,970)	(c)
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	75,106	10,000	815	-	-	85,921	
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	22,036	170,000	1,379	(48,015)	-	145,400	
CB36	60311	Carlsbad Blvd Realignment	-	-	-	-	-	-	(d)
CB43	60491	ADA Improvements	15,662	555,000	-	(762,184)	-	(191,522)	(c)
CB49	60751	Kelly and Park Dr. Street Improvements	52,937	255,000	-	(336,194)	-	(28,257)	(c)
CB51	63261	Adaptive Traffic Signal Program	(274,423)	430,000	-	(191,390)	-	(35,813)	(c)
		Total Congestion Relief	24,025	2,725,703	2,726	(3,251,630)	-	(499,176)	
Maintenance:									
CB58	60622	Street Light Bulb Replacement Program	33,249	275,000	2,042	(95,054)	-	215,237	
		Total Maintenance	33,249	275,000	2,042	(95,054)	-	215,237	
		Total Local Street Improvements	57,274	3,012,403	4,768	(3,358,384)	-	(283,939)	

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Major Corridor Environment Mitigation Program (EMP):									
N/A	N/A	Open Space Enforcement Cooperation	\$ -	\$ 76,575	\$ -	\$ (98,280)	\$ -	\$ (21,705)	(c)
Total Major Corridor Environment Mitigation Program (EMP):			-	76,575	-	(98,280)	-	(21,705)	
Bikes and Pedestrian (BPNS):									
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	-	47,188	-	(63,130)	-	(15,942)	(e)
Total Bikes and Pedestrian (BPNS):			-	47,188	-	(63,130)	-	(15,942)	
Total <i>TransNet</i> Extension			57,274	3,136,166	4,768	(3,519,794)	-	(321,586)	
GASB 31 Fair Market Value Adjustment			(17,645)	-	(4,222)	-	15,592	(6,275)	(f)
Total <i>TransNet</i> Extension after GASB 31 Adjustment			39,629	3,136,166	546	(3,519,794)	15,592	(327,861)	
Non-TransNet:									
N/A	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	146,736	-	1,054	(36,743)	-	111,047	(g)
Total Non- <i>TransNet</i>			146,736	-	1,054	(36,743)	-	111,047	
Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>			\$ 186,365	\$ 3,136,166	\$ 1,600	\$ (3,556,537)	\$ 15,592	\$ (216,814)	

Notes:

- (a) Project is complete.
- (b) Project is marked as complete in ProjectTrak. Remaining funds will be used to payoff any additional costs that may arise during the year. If there are still funds remaining then the City will request a transfer of funds.
- (c) This project has a negative cash balance at June 30, 2018. Funds were drawdown to clear the negative balance in early FY 19.
- (d) CB36 is an ongoing project. This project is the main / overarching Carlsbad Blvd Realignment project for various smaller projects we are working on along Carlsbad Blvd. CB36 will not be closed out until the smaller projects are completed, which won't happen for several years.
- (e) Negative balance is due to retention held by SANDAG.
- (f) GASB 31 adjustment made to correct ending balance.
- (g) Project 60442 did have expenses during FY18 but they were applied to the Non-TransNet funds as these funds needed to be used first. The developer was required to pay for part of the improvement so this year we drew from the Non-TransNet fund first. Project 60442 is still ongoing and will have expenditures in FY19.

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CB44	N/A	Regional Arterial Management Systems	\$ 70,200	\$ -	\$ (70,200)	\$ -
		Total Congestion Relief-Pass Through	<u>70,200</u>	<u>-</u>	<u>(70,200)</u>	<u>-</u>
Congestion Relief:						
CB04A	39572	ECR Widening - Tamarack to Chestnut	3,902,835	37,070	(3,939,905)	-
CB17	60143	Carlsbad Blvd Bridge-Powerplant	232,278	513	(186,110)	46,681
CB17	60532	CB Blvd Railing East Side	10,000	89	(705)	9,384
CB20	60011	Pavement Management - Overlay	8,391,709	10,646	(8,933,325)	(530,970)
CB34	60442	Palomar Airport Rd./Paseo Del Norte Rt. Turn Lane	85,000	921	-	85,921
CB35	60432	Palomar Airport Rd./Paseo Del Norte Lt. Turn Lane	195,000	1,424	(51,024)	145,400
CB36	60311	Carlsbad Blvd Realignment	3,000,000	14,529	(3,014,529)	-
CB43	60491	ADA Improvements	635,000	46	(826,568)	(191,522)
CB49	60751	Kelly and Park Dr. Street Improvements	310,000	65	(338,322)	(28,257)
CB51	63261	Adaptive Traffic Signal Program	<u>705,000</u>	<u>42</u>	<u>(740,855)</u>	<u>(35,813)</u>
		Total Congestion Relief	<u>17,466,822</u>	<u>65,345</u>	<u>(18,031,343)</u>	<u>(499,176)</u>
Maintenance:						
CB58	60622	Street Light Bulb Replacement Program	<u>345,000</u>	<u>2,094</u>	<u>(131,857)</u>	<u>215,237</u>
		Total Maintenance	<u>345,000</u>	<u>2,094</u>	<u>(131,857)</u>	<u>215,237</u>
		Total Local Street Improvements	<u>\$ 17,882,022</u>	<u>\$ 67,439</u>	<u>\$ (18,233,400)</u>	<u>\$ (283,939)</u>

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Major Corridor Environment Mitigation Program (EMP):						
N/A	N/A	Open Space Enforcement Cooperation	\$ 76,575	\$ -	\$ (98,280)	\$ (21,705)
		Total Major Corridor Environment Mitigation Program (EMP):	<u>76,575</u>	<u>-</u>	<u>(98,280)</u>	<u>(21,705)</u>
Bikes and Pedestrian (BPNS):						
CB45	60583	Tamarack Ave/CB Blvd Ped Imprvmt	<u>47,188</u>	<u>-</u>	<u>(63,130)</u>	<u>(15,942)</u>
		Total Bikes and Pedestrian (BPNS):	<u>47,188</u>	<u>-</u>	<u>(63,130)</u>	<u>(15,942)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>18,005,785</u>	<u>67,439</u>	<u>(18,394,810)</u>	<u>(321,586)</u>
Completed Projects:						
		Maintenance	284,825	17	(284,842)	-
		Bikes and Pedestrian	564,048	-	(564,048)	-
		Environmental Mitigation Grant	<u>286,667</u>	<u>-</u>	<u>(286,667)</u>	<u>-</u>
		Total Completed Projects	<u>1,135,540</u>	<u>17</u>	<u>(1,135,557)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 19,141,325</u>	<u>\$ 67,456</u>	<u>\$ (19,530,367)</u>	<u>\$ (321,586)</u>

CITY OF CARLSBAD, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2018	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2012	June 30, 2019	CB04A	\$ 934,358	\$ 35,309	\$ (969,667)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2013	June 30, 2020	CB04A	696,114	23,829	(719,943)	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021	CB04A	353,442	7,757	(361,199)	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022	CB04A	623,822	6,962	(630,784)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	CB04A	470,174	-	(470,174)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	CB04A	1,727,814	-	(1,727,814)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025		751,460	-	-	-	751,460	-	
Interest Income			-	13,032	-	-	-	13,032	
Total RTCIP Funds			\$ 5,557,184	\$ 86,889	\$ (4,879,581)	\$ -	\$ -	\$ 764,492	\$ 13,032

CITY OF CHULA VISTA, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Chula Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$7,431,821. We selected \$2,608,991 (35.11%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. 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. 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, 2018. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project as the cost basis, and multiplying the hours worked by the City's fully-burdened hourly rate. Total indirect costs

included within projects on the RTIP were \$792,315, or 10.66% of total *TransNet* expenditures. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2018. 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: This procedure is not applicable as there were no adjustments made between different MPO IDs.

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$6,042,524
Less: debt service payment	<u> -</u>
Net estimated apportionment	6,042,524
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u>1,812,757</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	384,288
Maintenance fund balance	<u>51,839</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>436,127</u>
Fund balance under apportionment	<u>\$1,376,630</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$384,288	\$3,901,695	\$4,285,983
Maintenance	<u>51,839</u>	<u>4,825,783</u>	<u>4,877,622</u>
Totals	<u>\$436,127</u>	<u>\$8,727,478</u>	<u>\$9,163,605</u>

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

Results: The City has expended 22.41% 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	\$35,832,349	\$3,283,940	\$39,116,289
Maintenance	12,833,651	4,575,894	17,409,545
Interest	<u>41,619</u>	<u>867,644</u>	<u>909,263</u>
Total local street and road revenue	<u>\$48,707,619</u>	<u>\$8,727,478</u>	<u>\$57,435,097</u>
30% of total local street and road revenue			\$17,230,529
Less maintenance expenditures incurred to date			<u>12,793,661</u>
Available maintenance funds			<u>\$4,436,868</u>
Cumulative percentage expended for maintenance			<u>22.27%</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, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>163,447,802</u>	<u>130,665,444</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 select the lowest rate.

Results: The lowest growth rate is 1.25.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$3,509,614
Growth Rate	<u>1.25</u>
Adjusted MOE base as of June 30, 2018	<u>\$4,387,018</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$6,163,168
Less MOE base year requirement	<u>(3,509,614)</u>
Excess MOE for the year ended June 30, 2018	<u>\$2,653,554</u>

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.
- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.
Results: No exceptions were noted as a result of our procedures.
 - b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

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

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

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

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

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

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

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

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

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

Results: This procedure is not applicable as there were no expenditures included on Schedule C.

- v. 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 expenditures included on Schedule C.

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

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

- vii. We 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 9, 2018.

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

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

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**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, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CHV39	N/A	Regional Arterial Management Systems	\$ -	\$ 15,500	\$ -	\$ (15,500)	\$ -	\$ -	
Total Congestion Relief - Pass-Through			-	15,500	-	(15,500)	-	-	
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
CHV30	STM361	I-5 Multi-Modal Corridor Imprv. Study	121,009	-	-	(80,000)	-	41,009	
CHV39	TF350	Traffic Signal System Optimization	(10,544)	130,935	-	(142,747)	-	(22,356)	(a)
CHV39	TF400	Signal Retiming of Yellow	1,000	886	-	(1,886)	-	-	
Total CHV39 Projects			(9,544)	131,821	-	(144,633)	-	(22,356)	
CHV43	TF354	Traffic Congestion Relief Program	1,895	5,000	-	(6,895)	-	-	
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	(2,145)	2,145	-	-	-	-	
CHV44	TF356	Otay Mesa Transportation System	4,066	-	-	(2,535)	-	1,531	
Total CHV44 Projects			1,921	2,145	-	(2,535)	-	1,531	
Subtotal Congestion Relief			115,281	138,966	-	(234,063)	-	20,184	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Balance carried forward - Congestion Relief	\$ 115,281	\$ 138,966	\$ -	\$ (234,063)	\$ -	\$ 20,184	
CHV48	STM372	Pavement Major Rehabilitation FY11-12	2,473	-	-	-	(2,473)	-	(b)
CHV48	STM387	Pavement Major Rehab FY16	345,502	-	-	-	-	345,502	
CHV48	STM390	Major Pavement Rehab FY 2016/17	(37,561)	3,392,360	-	(3,238,919)	-	115,880	
CHV48	STM0393	Major Pavement Rehabilitation FY2017/18	-	148,609	-	(146,766)	2,473	4,316	
		Total CHV48 Projects	310,414	3,540,969	-	(3,385,685)	-	465,698	
CHV51	STL359	Naples St. & Oleander Ave. CG/ADA	8	8,301	-	(5,036)	-	3,273	
CHV51	STL382	Cross Gutter Rehabilitation	1,222	17,512	-	(18,595)	-	139	
		Total CHV51 Projects	1,230	25,813	-	(23,631)	-	3,412	
CHV54	STM367	So Broadway Improv. Main to SthrnCity	1,749	-	-	-	-	1,749	
CHV58	STL366	Moss Street Sidewalk Installation	(65,801)	162,020	-	(96,219)	-	-	(b)
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	-	50,669	-	(76,113)	-	(25,444)	(a)
		Total CHV58 Projects	(65,801)	212,689	-	(172,332)	-	(25,444)	
CHV60	STL418	Bonita RD & Allen School Lane	2,219	5,847	-	(8,987)	-	(921)	(a)
		Subtotal Congestion Relief	365,092	3,924,284	-	(3,824,698)	-	464,678	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Balance carried forward	\$ 365,092	\$ 3,924,284	\$ -	\$ (3,824,698)	\$ -	\$ 464,678	
CHV64	TF396	Trfc Mgmt Cntr&Commn MstrPln1	-	62	-	-	-	62	
CHV70	STM384	Bike Lanes onBrdwy FsbiltyStudy	(229)	130,709	-	(129,289)	-	1,191	
CHV70	STM0392	Bike Lanes on Broadway	-	64,833	-	(64,589)	-	244	
		Total CHV70 Projects	(229)	195,542	-	(193,878)	-	1,435	
CHV77	TF395	SANDAG MainSt Fiber OpticAddtl	(330)	3,891	-	(2,394)	-	1,167	
CHV79	TF397	Raised Median Reconstruction	(4,384)	127,957	-	(268,149)	-	(144,576)	(a)
CHV80	STL406	3rd Ave Streetscp Imprv Phs 3	(4,337)	4,740	-	(2,330)	-	(1,927)	(a)
CHV82	STL420	Palomar St/Orange Ave Sidewalk	(35,484)	155,404	-	(81,125)	-	38,795	
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	-	1,869	-	(2,020)	-	(151)	(a)
		Interest Income	24,805	-	-	-	-	24,805	
		Total Congestion Relief	345,133	4,413,749	-	(4,374,594)	-	384,288	
		Maintenance:							
CHV06	OP219	Pavement Management System	2,772	74,500	-	(102,388)	-	(25,116)	(a)
CHV22	OP202	CIP Advanced Planning	-	58,061	-	(63,353)	-	(5,292)	
CHV22	OP208	CIP Management & Equipment Purchase	5,367	-	-	-	-	5,367	
		Total CHV22 Projects	5,367	58,061	-	(63,353)	-	75	
		Subtotal Maintenance	8,139	132,561	-	(165,741)	-	(25,041)	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Balance carried forward	\$ 8,139	\$ 132,561	\$ -	\$ (165,741)	\$ -	\$ (25,041)	
CHV33	STL389	Castle Park Middle School - Quintard Street	33,688	-	-	(161)	(33,527)	-	(b)
CHV33	STL410	Kellog Elem Schl Ped Improvmt	(1,255)	9,019	-	(7,675)	-	89	
CHV33	STM380	Sidewalk Replacement E H Street Study	(37,578)	66,899	-	(21,515)	-	7,806	
CHV33	TF345	School Zone Traffic Calming	(28,709)	167,402	-	(142,572)	33,527	29,648	
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	(779)	15,861	-	(14,121)	-	961	
		Total CHV33 Projects	(34,633)	259,181	-	(186,044)	-	38,504	
CHV34	SW292	Indtrl Blvd & Main St Swr Imprv	(29,460)	99,380	-	(57,945)	-	11,975	
CHV34	TF327	Neighborhood Safety Program	(84,564)	287,737	-	(240,000)	-	(36,827)	(a)
CHV34	TF394	Ped Crsswlk Enhanc @Uncntrldln	367	43,679	-	(20,930)	-	23,116	
		Total CHV34 Projects	(113,657)	430,796	-	(318,875)	-	(1,736)	
CHV35	TF332	Signing and Stripping Program	(12,700)	82,209	-	(69,508)	-	1	
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	(12,343)	278,178	-	(232,169)	-	33,666	
CHV35	TF393	Internally IllumntdSNS Convrsn	69	94,882	-	(82,375)	-	12,576	
CHV35	TF399	Int Signing/Striping Prog Schools	(18,368)	100,768	-	(57,041)	-	25,359	
		Total CHV35 Projects	(43,342)	556,037	-	(441,093)	-	71,602	
CHV45	STM369	Bikeway Facilities Gap Project	(4,738)	39,143	-	(31,835)	-	2,570	
CHV45	TF274	Traffic Count	-	19,064	-	(48,966)	-	(29,902)	(a)
CHV45	TF321	Citywide Traffic Count Program	(2,117)	63,777	-	(54,473)	-	7,187	
CHV45	TF392	Palomar St Trffc Data Collectn	-	2,306	-	(2,306)	-	-	
		Total CHV45 Projects	(6,855)	124,290	-	(137,580)	-	(20,145)	
		Subtotal Maintenance	(190,348)	1,502,865	-	(1,249,333)	-	63,184	

SCHEDULE A

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Balance carried forward	\$ (190,348)	\$ 1,502,865	\$ -	\$ (1,249,333)	\$ -	\$ 63,184	
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	56,846	-	-	-	(56,846)	-	(b)
CHV50	DR205	CMP Rehabilitation In Right of Way FY17/18	-	51,656	-	(39,598)	-	12,058	
CHV50	DR206	CMP Rehabilitation in ROW FY17	(21,661)	921,653	-	(924,071)	56,846	32,767	
CHV50	DR207	Drainage Infra Assesmnt in ROW	-	66,189	-	(58,366)	-	7,823	
CHV50	STM385	Bridge Maintenance	-	13,923	-	(10,008)	-	3,915	
		Total CHV50 Projects	35,185	1,053,421	-	(1,032,043)	-	56,563	
CHV53	STL404	Bikeway Master Plan2016 Update	60	55,078	-	(32,226)	-	22,912	
CHV75	STL405	ADA Curb Ramps FY2014/15	(6,395)	212,395	-	(256,740)	-	(50,740)	(a)
CHV75	STL415	ADA Curb Ramp Program FY16/17	(3,501)	234,436	-	(280,210)	-	(49,275)	(a)
		Total CHV75 Projects	(9,896)	446,831	-	(536,950)	-	(100,015)	
CHV78	OP228	Sweetwater River Pathway Study	-	-	-	(369)	-	(369)	(c)
CHV83	STM0394	Local Street Utility Undergrounding District	-	11,001	-	(12,067)	-	(1,066)	(a)
		Interest Income	10,630	-	-	-	-	10,630	
		Total Maintenance	(154,369)	3,069,196	-	(2,862,988)	-	51,839	
		Total Local Street Improvements	190,764	7,482,945	-	(7,237,582)	-	436,127	
		Major Corridor Environmental Mitigation:							
V08	OP227	Cstl Ccts WrenHabitat Restrnr	(658)	40,325	-	(16,070)	-	23,597	
V08	OP229	Cstl Ccts WrenHabitat Restrnr 2016	(1,247)	43,261	-	(38,936)	-	3,078	
		Total Major Corridor Environmental Mitigation	(1,905)	83,586	-	(55,006)	-	26,675	

CITY OF CHULA VISTA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Bikes and Pedestrian									
CHV76	STL412	F Street Promenade Streetscape Masterplan	\$ (10,672)	\$ 69,343	\$ -	\$ (123,733)	\$ -	\$ (65,062)	(a)
Total Bikes and Pedestrian			(10,672)	69,343	-	(123,733)	-	(65,062)	
Smart Growth:									
CHV63	OP217	Palomar Gateway Specific Plan	14,166	-	-	-	-	14,166	(d)
CHV74	N/A	Healthy Chula Vista Initiative	4,666	-	-	-	-	4,666	(d)
Total Smart Growth			18,832	-	-	-	-	18,832	
Total <i>TransNet</i> Extension			197,019	7,651,374	-	(7,431,821)	-	416,572	
GASB 31 Market Value Adjustment			-	-	(3,765)	-	-	(3,765)	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ 197,019	\$ 7,651,374	\$ (3,765)	\$ (7,431,821)	\$ -	\$ 412,807	

Notes:

- (a) Deficit to be covered by drawdown in FY19.
- (b) Project Completed.
- (c) Council cleanup item - FY19; Amount charged to *TransNet* funds in error.
- (d) Excess funding of completed grant project will be returned to SANDAG in FY19.

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
CHV39	N/A	Regional Arterial Management Systems	\$ 93,000	\$ -	\$ (93,000)	\$ -
		Total Congestion Relief-Pass Through	93,000	-	(93,000)	-
Congestion Relief:						
CHV30	STM361	15 Multi-Modal Corridor Improv. Study	553,940	-	(512,931)	41,009
CHV39	TF350	Traffic Signal System Optimization	995,156	833	(1,018,345)	(22,356)
CHV39	TF400	Signal Retiming of Yellow	2,132	-	(2,132)	-
		Total CHV39 Projects	997,288	833	(1,020,477)	(22,356)
CHV43	TF354	Traffic Congestion Relief Program	326,585	-	(326,585)	-
CHV44	TF344	I 805 Direct Access Ramp E H and E Palomar	292,768	-	(292,768)	-
CHV44	TF356	Otay Mesa Transportation System	12,428	-	(10,897)	1,531
		Total CHV 44 Projects	305,196	-	(303,665)	1,531
		Subtotal Congestion Relief	2,183,009	833	(2,163,658)	20,184

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 2,183,009	\$ 833	\$ (2,163,658)	\$ 20,184
CHV48	STL372	Pavement Major Rehabilitation FY11-12	2,130,629	-	(2,130,629)	-
CHV48	STM387	Pavement Major Rehab FY16	3,463,208	-	(3,117,706)	345,502
CHV48	STM390	Major Pavement Rehab FY 2016/17	3,527,202	-	(3,411,322)	115,880
CHV48	STM0393	Major Pavement Rehabilitation FY2017/18	151,082	-	(146,766)	4,316
		Total CHV 48 Projects	9,272,121	-	(8,806,423)	465,698
CHV51	STL359	Naples St & Oleander Ave CG/ADA	91,598	-	(88,325)	3,273
CHV51	STL382	Cross Gutter Rehabilitation	106,209	-	(106,070)	139
		Total CHV 51 Projects	197,807	-	(194,395)	3,412
CHV54	STM367	So Broadway Improv Main to SthrnCity	1,375,967	-	(1,374,218)	1,749
CHV58	STL366	Moss Street Sidewalk Installation	621,081	-	(621,081)	-
CHV58	STL0426	Sidewalk Gap Citywide FY 17/18	50,669	-	(76,113)	(25,444)
		Total CHV 58 Projects	671,750	-	(697,194)	(25,444)
		Subtotal Congestion Relief	13,700,654	833	(13,235,888)	465,599

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 13,700,654	\$ 833	\$ (13,235,888)	\$ 465,599
CHV60	TF418	Bonita RD & Allen School Lane	11,922	-	(12,843)	(921)
CHV64	TF396	Traffic Mgmt Cntr & Commn Mstr Pln 1	250,000	-	(249,938)	62
CHV70	STM384	Bike Lanes on Brdwy FsblyStudy	243,933	-	(242,742)	1,191
CHV70	STM0392	Bike Lanes on Broadway	64,833	-	(64,589)	244
		Total CHV70 Projects	308,766	-	(307,331)	1,435
CHV77	TF395	SANDAG Main St Fiber OpticAddtl	7,123	-	(5,956)	1,167
CHV79	TF397	Raised Median Reconstruction	227,554	-	(372,130)	(144,576)
CHV80	STL406	3rd Ave Streetscp Imprv Phs 3	297,423	-	(299,350)	(1,927)
CHV82	STL420	Palomar St/Orange Ave Sidewalk	260,556	-	(221,761)	38,795
CHV84	TRF0404	Retiming Signals/ Install Fiber Optic Comm Sys	1,869	-	(2,020)	(151)
		Interest Income	-	24,805	-	24,805
		Total Congestion Relief	15,065,867	25,638	(14,707,217)	384,288
		Maintenance:				
CHV06	OP219	Pavement Management System	664,970	-	(690,086)	(25,116)
		Subtotal Maintenance	664,970	-	(690,086)	(25,116)

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Maintenance balance carried forward	\$ 664,970	\$ -	\$ (690,086)	\$ (25,116)
CHV22	OP202	CIP Advanced Planning	560,666	-	(565,958)	(5,292)
CHV22	OP208	CIP Management & Equipment Purchase	45,873	-	(40,506)	5,367
		Total CHV 22 Projects	<u>606,539</u>	<u>-</u>	<u>(606,464)</u>	<u>75</u>
CHV33	STL389	Castle Park Middle School - Quintard Street	1,473	-	(1,473)	-
CHV33	STL410	Kellog Elem School Ped Improvement	25,045	-	(24,956)	89
CHV33	STM380	Sidewalk Replacement E H Street Study	129,120	-	(121,314)	7,806
CHV33	TF345	School Zone Traffic Calming	507,707	-	(478,059)	29,648
CHV33	TF384	Lauderbach Elem. Pedestrian Imprv	35,746	-	(34,785)	961
		Total CHV 33 Projects	<u>699,091</u>	<u>-</u>	<u>(660,587)</u>	<u>38,504</u>
CHV34	GG222	Asset Management	100,000	-	(100,000)	-
CHV34	SW292	Indtrl Blvd & Main St Swr Imprv	136,726	-	(124,751)	11,975
CHV34	TF327	Neighborhood Safety Program	1,227,182	-	(1,264,009)	(36,827)
CHV34	TF394	Ped Crosswalk Enhance @ UncntrlIn	46,000	-	(22,884)	23,116
		Total CHV 34 Projects	<u>1,509,908</u>	<u>-</u>	<u>(1,511,644)</u>	<u>(1,736)</u>
		Subtotal Maintenance	<u>3,480,508</u>	<u>-</u>	<u>(3,468,781)</u>	<u>11,727</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<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, 2018</u>
		Maintenance balance carried forward	\$ 3,480,508	\$ -	\$ (3,468,781)	\$ 11,727
CHV35	TF332	Signing and Stripping Program	435,537	-	(435,536)	1
CHV35	TF366	Traffic Signal & St. Lighting Upgrade / Maint.	1,608,704	-	(1,575,038)	33,666
CHV35	TF393	Internally Illuminated SNS Convrsm	152,896	-	(140,320)	12,576
CHV35	TF399	Internally IllumntdSNS Convrsm	<u>123,842</u>	<u>-</u>	<u>(98,483)</u>	<u>25,359</u>
		Total CHV 35 Projects	<u>2,320,979</u>	<u>-</u>	<u>(2,249,377)</u>	<u>71,602</u>
CHV45	STM369	Bikeway Facilities Gap Project	329,021	-	(326,451)	2,570
CHV45	TF274	Traffic Count	181,394	-	(211,296)	(29,902)
CHV45	TF321	Citywide Traffic Count Program	434,003	-	(426,816)	7,187
CHV45	TF392	Palomar St Traffic Data Collection	<u>22,987</u>	<u>-</u>	<u>(22,987)</u>	<u>-</u>
		Total CHV 45 Projects	<u>967,405</u>	<u>-</u>	<u>(987,550)</u>	<u>(20,145)</u>
CHV50	DR193	Storm Drain Pipe Rehab Project For FY2013	610,276	-	(610,276)	-
CHV50	DR205	CMP Rehabilitation In Right of Way FY17/18	51,656	-	(39,598)	12,058
CHV50	DR206	CMP Rehabilitation in ROW FY17	1,161,047	-	(1,128,280)	32,767
CHV50	DR207	Drainage Infra Assesmnt in ROW	87,359	-	(79,536)	7,823
CHV50	STM385	Bridge Maintenance	<u>46,178</u>	<u>-</u>	<u>(42,263)</u>	<u>3,915</u>
		Total CHV 50 Projects	<u>1,956,516</u>	<u>-</u>	<u>(1,899,953)</u>	<u>56,563</u>
		Subtotal Maintenance	<u>8,725,408</u>	<u>-</u>	<u>(8,605,661)</u>	<u>119,747</u>

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Maintenance balance carried forward	\$ 8,725,408	\$ -	\$ (8,605,661)	\$ 119,747
CHV53	STL404	Bikeway Master Plan2016 Update	60,752	-	(37,840)	22,912
CHV75	STL405	ADA Curb Ramps FY2014/15	395,831	-	(446,571)	(50,740)
CHV75	STL415	ADA Curb Ramp Program FY16/17	249,533	-	(298,808)	(49,275)
		Total CHV 75 Projects	645,364	-	(745,379)	(100,015)
CHV78	OP228	Sweetwater River Pathway Study	-	-	(369)	(369)
CHV83	STM0394	Local Street Utility Undergrounding District	11,001	-	(12,067)	(1,066)
		Interest Income	-	10,630	-	10,630
		Total Maintenance	9,442,525	10,630	(9,401,316)	51,839
		Total Local Street Improvements	24,601,392	36,268	(24,201,533)	436,127
		Major Corridor Environmental Mitigation:				
V08	OP227	Cstl Ccts WrenHabitat Restrn	160,032	-	(136,435)	23,597
V08	OP229	Cstl Ccts WrenHabitat Restrn 2016	43,261	-	(40,183)	3,078
		Total Major Corridor Environmental Mitigation	203,293	-	(176,618)	26,675

CITY OF CHULA VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Smart Growth:						
CHV63	OP217	Palomar Gateway Specific Plan	\$ 395,192	\$ -	\$ (381,026)	\$ 14,166
CHV74	N/A	Healthy Chula Vista Initiative	99,636	-	(94,970)	4,666
Total Smart Growth			494,828	-	(475,996)	18,832
Bike and Pedestrian:						
CHV76	STL412	F Street Promenade Streetscape Masterplan	263,210	-	(328,272)	(65,062)
Total Bike and Pedestrian			263,210	-	(328,272)	(65,062)
Subtotal Cumulative <i>TransNet</i> Extension			\$ 25,562,723	\$ 36,268	\$ (25,182,419)	\$ 416,572
Completed Projects:						
LSI - Congestion Relief			20,673,482	4,132	(20,677,614)	-
LSI - Maintenance			3,391,126	1,219	(3,392,345)	-
Major Corridor Environmental Mitigation			803,460	-	(803,460)	-
Smart Growth			3,628,570	-	(3,628,570)	-
Bike and Pedestrian			379,525	-	(379,525)	-
Total Completed Projects			28,876,163	5,351	(28,881,514)	-
Total Cumulative <i>TransNet</i> Extension			\$ 54,438,886	\$ 41,619	\$ (54,063,933)	\$ 416,572

CITY OF CHULA VISTA CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2018	June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2011	June 30, 2018		\$ 5,467	\$ 1,911	\$ (7,378)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2012	June 30, 2019		39,992	1,243	(41,235)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020		67,830	562	(68,392)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021		52,116	951	(27,390)	-	-	25,677	25,677
For Fiscal Year ended June 30, 2015	June 30, 2022		90,931	502	-	-	-	91,433	91,433
For Fiscal Year ended June 30, 2016	June 30, 2023		90,345	-	-	-	-	90,345	90,345
For Fiscal Year ended June 30, 2017	June 30, 2024		5,708	-	-	-	-	5,708	5,708
For Fiscal Year ended June 30, 2018	June 30, 2025		389,773	-	-	-	-	389,773	-
Interest Income			-	7,231	-	-	-	7,231	5,225
Subtotal RTCIP Funds			742,162	12,400	(144,395)	-	-	610,167	218,388
GASB 31 Market Value Adjustment			-	(539)	-	-	-	(539)	262
Total RTCIP Funds			<u>\$ 742,162</u>	<u>\$ 11,861</u>	<u>\$ (144,395)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,628</u>	<u>\$ 218,650</u>

CITY OF CORONADO, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Coronado, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$519,457. We selected \$295,659 (56.92%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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. 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, 2018. The City charges indirect costs for salaries and benefits associated with project management. The City allocated a total of \$95,144 in indirect costs to the *TransNet* program, resulting in 18.32% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan has not been reviewed by a

federal or state agency or audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City is not in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$614,480
Less: debt service payment	<u> -</u>
Net estimated apportionment	614,480
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u>184,344</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	327,489
Maintenance fund balance	<u>(57,949)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>269,540</u>
Fund balance (over) apportionment	\$ <u>(85,196)</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$327,489	\$ (290,000)	\$ 37,489
Maintenance	<u>(57,949)</u>	<u>1,601,606</u>	<u>1,543,657</u>
Totals	<u>\$269,540</u>	<u>\$1,311,606</u>	<u>\$1,581,146</u>

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

Results: The City has expended 4.63% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$4,574,225	\$ (368,329)	\$4,205,896
Maintenance	225,000	1,577,526	1,802,526
Interest	<u>12,950</u>	<u>102,409</u>	<u>115,359</u>
 Total local street and road revenue	 <u>\$4,812,175</u>	 <u>\$1,311,606</u>	 <u>\$6,123,781</u>
 30% of total local street and road revenue			 \$ 1,837,134
Less maintenance expenditures incurred to date			<u>(283,272)</u>
 Available maintenance funds			 <u>\$ 1,553,862</u>
 Cumulative percentage expended for maintenance			 <u>4.63%</u>

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

Results: This procedure is not applicable as there are no commercial paper or bonds outstanding as of June 30, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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 base period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2018 divided by General Fund revenues as of June 30, 2015	<u>\$60,356,311</u>	<u>\$53,019,311</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 select the lowest rate.

Results: The lowest growth rate is 1.14.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$863,498
Growth Rate	<u>1.14</u>
Adjusted MOE base as of June 30, 2018	<u>\$984,388</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$1,305,160
Less MOE base year requirement	<u>(863,498)</u>
Excess MOE for the year ended June 30, 2018	<u>\$ 441,662</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

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

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

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

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

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

- vii. 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on September 13, 2018.

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

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

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“ITOC” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

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

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Congestion Relief:									
COR 07	9782-17SCG	Street, Curb & Gutter-FY17	\$ 74,558	\$ 512,000	\$ -	\$ (262,658)	\$ -	\$ 323,900	
COR 07	9719-18SCG	Street, Curb & Gutter-FY18	-	-	3,652	(63)	-	3,589	
Total Congestion Relief			74,558	512,000	3,652	(262,721)	-	327,489	
Maintenance:									
COR 04	9718-18SLURRY	Street and Road Maintenance	-	155,000	-	(212,949)	-	(57,949)	(a)
Total Maintenance			-	155,000	-	(212,949)	-	(57,949)	
Senior Mini Grant:									
COR20	SMG16-17	Senior Out and About Mini-Grant	(13,580)	30,561	-	(43,787)	-	(26,806)	(a)
Total Senior Mini Grant			(13,580)	30,561	-	(43,787)	-	(26,806)	
Total <i>TransNet</i> Extension			60,978	697,561	3,652	(519,457)	-	242,734	
GASB 31 Market Value Adjustment			(115)	-	(105)	-	-	(220)	
Total <i>TransNet</i> Extension after GASB 31 adjustment			\$ 60,863	\$ 697,561	\$ 3,547	\$ (519,457)	\$ -	\$ 242,514	

Notes:

(a) The City will request a drawdown in FY 19 to remove the deficit.

CITY OF CORONADO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<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, 2018</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
COR 07	9782-17SCG	Street, Curb & Gutter-FY17	\$ 760,376	\$ 438	\$ (436,914)	\$ 323,900
COR 07	9719-18SCG	Street, Curb & Gutter-FY18	<u>-</u>	<u>3,652</u>	<u>(63)</u>	<u>3,589</u>
		Total Congestion Relief	<u>760,376</u>	<u>4,090</u>	<u>(436,977)</u>	<u>327,489</u>
Maintenance:						
COR 04	9718-18SLURRY	Street and Road Maintenance	<u>155,000</u>	<u>-</u>	<u>(212,949)</u>	<u>(57,949)</u>
		Total Maintenance	<u>155,000</u>	<u>-</u>	<u>(212,949)</u>	<u>(57,949)</u>
		Total Local Street Improvements	<u>915,376</u>	<u>4,090</u>	<u>(649,926)</u>	<u>269,540</u>
Senior Mini Grant:						
COR20	SMG16-17	Senior Out and About Mini-Grant	<u>41,068</u>	<u>-</u>	<u>(67,874)</u>	<u>(26,806)</u>
		Total Senior Mini Grant	<u>41,068</u>	<u>-</u>	<u>(67,874)</u>	<u>(26,806)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>956,444</u>	<u>4,090</u>	<u>(717,800)</u>	<u>242,734</u>
Completed Projects:						
		LSI - Congestion Relief	3,813,849	8,537	(3,822,386)	-
		LSI - Maintenance	<u>70,000</u>	<u>323</u>	<u>(70,323)</u>	<u>-</u>
		Total Completed Projects	<u>3,883,849</u>	<u>8,860</u>	<u>(3,892,709)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 4,840,293</u>	<u>\$ 12,950</u>	<u>\$ (4,610,509)</u>	<u>\$ 242,734</u>

CITY OF CORONADO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2018	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2011	June 30, 2018	COR14	16,648	566	(15,205)	-	-	2,009	2,000
For Fiscal Year ended June 30, 2012	June 30, 2019	COR14	6,369	289	-	-	-	6,658	6,629
For Fiscal Year ended June 30, 2013	June 30, 2020	COR14	4,330	129	-	-	-	4,459	4,439
For Fiscal Year ended June 30, 2014	June 30, 2021	COR14	35,820	747	-	-	-	36,567	36,405
For Fiscal Year ended June 30, 2015	June 30, 2022	COR14	24,273	416	-	-	-	24,689	24,580
For Fiscal Year ended June 30, 2016	June 30, 2023	COR14	18,536	229	-	-	-	18,765	18,682
For Fiscal Year ended June 30, 2017	June 30, 2024	COR14	21,213	220	-	-	-	21,433	21,338
For Fiscal Year ended June 30, 2018	June 30, 2025	COR14	14,425	64	-	-	-	14,489	-
Total RTCIP Funds			141,614	2,660	(15,205)	-	-	129,069	114,073
GASB 31 Market Value Adjustment			-	(17)	-	-	-	(17)	(175)
Total RTCIP Funds			<u>\$ 141,614</u>	<u>\$ 2,643</u>	<u>\$ (15,205)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,052</u>	<u>\$ 113,898</u>

CITY OF DEL MAR, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Del Mar, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$203,284. We selected \$201,773 (99.26%) 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. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency or audited by an independent certified public accounting firm (CPA).

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

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

Results: MPO ID DM02 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 staff provided approval for the reason of inactivity for MPO ID DM02 on February 11, 2019. No exceptions were noted as a result of our procedures.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We 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 noted as a result of our procedures.
8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual

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

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

Fiscal year 2018 apportionment	\$198,619
Less: debt service payment	(196,647)
Net estimated apportionment	1,972
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>592</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(10,460)
Maintenance fund balance	<u>9,000</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,460)</u>
Fund balance under apportionment	\$ <u>2,052</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (10,460)	\$(201,459)	\$(211,919)
Maintenance	<u>9,000</u>	<u>207,795</u>	<u>216,795</u>
Totals	\$ <u>(1,460)</u>	\$ <u>6,336</u>	\$ <u>4,876</u>

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

Results: The City has expended 6.30% of cumulative local street and road revenue for maintenance as follows:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 5,843,558	\$ (209,050)	\$ 5,634,508
Maintenance	402,626	205,580	608,206
Interest	<u>7,668</u>	<u>9,806</u>	<u>17,474</u>
Total local street and road revenue	\$ <u>6,253,852</u>	\$ <u>6,336</u>	\$ <u>6,260,188</u>
30% of total local street and road revenue			\$ 1,878,056
Less maintenance expenditures incurred to date			<u>(394,270)</u>
Available maintenance funds			\$ <u>1,483,786</u>
Cumulative percentage expended for maintenance			<u>6.30%</u>

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

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Interest</u> <u>Payments</u>
2014 Series A Bonds	\$2,886,250	\$ -	\$54,733	\$2,831,517	\$141,914

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 2021, 2022 and 2023 audits.
- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth</u> <u>Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2018 divided by General Fund revenues as of June 30, 2015	\$ <u>19,092,457</u>	\$ <u>14,168,365</u>	<u>1.35</u>

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

Results: The lowest growth rate is 1.33.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation Services</u>	<u>Total</u>
Previously approved MOE base	\$453,089	\$20,877	\$473,966
Growth rate	<u>1.33</u>	<u>1.33</u>	<u>1.33</u>
Adjusted MOE base as of June 30, 2018	\$ <u>602,608</u>	\$ <u>27,766</u>	\$ <u>630,374</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 13.c. and provided a brief explanation of adjustments in Results.
 - c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
 - d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was not in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. See Finding Number 1 in the Findings and Recommendations section of this report. MOE activity for the year ended June 30, 2018, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$3,104,375	\$ 19,945	\$3,124,320
Less MOE base year requirement	<u>(453,089)</u>	<u>(20,877)</u>	<u>(473,966)</u>
Excess MOE for the year ended June 30, 2018	<u>\$2,651,286</u>	<u>\$ (932)</u>	<u>\$2,650,354</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not incur any RTCIP expenditures for the fiscal year ended June 30, 2018.

- v. 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 the City did not incur any RTCIP expenditures for the fiscal year ended June 30, 2018.

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

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

- vii. We 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 23, 2018.

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

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

- 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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

CITY OF DEL MAR, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2018

(1) **Need to Meet Maintenance of Effort (MOE) Requirement**

The City did not meet its MOE requirement for Specialized Transportation as follows:

Current year local discretionary expenditures	\$19,945
Less MOE base year requirement	<u>(20,877)</u>
Excess (shortfall) MOE for the year ended June 30, 2018	<u>\$(932)</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 budgeted sufficient funds for the Senior Transportation assistance program. However, the deficit occurred due to reduced activity in the Dial-a Ride program.

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, 2021. This request was formally made on February 28, 2019. The request was approved on the following dates:

Independent Taxpayer Oversight Committee March 13, 2019

SANDAG Transportation Committee March 15, 2019

SANDAG Board of Directors March 22, 2019

GLOSSARY OF TERMS

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

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

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

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2017</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2018</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 3,195	\$ -	\$ -	\$ -	\$ -	\$ 3,195	(a)
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	(10,678)	-	3,660	(6,637)	-	(13,655)	(b)
		2014 Series A Bond	-	196,647	-	(196,647)	-	-	
		Total Congestion Relief	(7,483)	196,647	3,660	(203,284)	-	(10,460)	
Maintenance:									
DM01	44.6101.5900	Resurfacing and Drainage Project	1,000	8,000	-	-	-	9,000	
		Total Maintenance	1,000	8,000	-	-	-	9,000	
		Total Local Street Improvements	(6,483)	204,647	3,660	(203,284)	-	(1,460)	
		Total <i>TransNet</i> Extension	(6,483)	204,647	3,660	(203,284)	-	(1,460)	
		GASB 31 Market Value Adjustment	(9)	-	-	-	9	-	(c)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (6,492)	\$ 204,647	\$ 3,660	\$ (203,284)	\$ 9	\$ (1,460)	

Notes:

- (a) There is no sufficient balance to complete a project. Project will resume once additional funding is available.
- (b) To clear the deficit balance, the City will request a drawdown next fiscal year from programmed funds available.
- (c) Adjustment was made to agree GASB 31 to the City's Trial Balance.

CITY OF DEL MAR, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
DM02	44.6121.5900	Local Match to Bridge Retrofit Projects	\$ 207,386	\$ 459	\$ (204,650)	\$ 3,195
DM06	44.6509.5900	Sidewalk, Street and Drainage Project	4,199,985	5,154	(4,218,794)	(13,655)
		2014 Series A Bonds	<u>731,964</u>	<u>-</u>	<u>(731,964)</u>	<u>-</u>
		Total Congestion Relief	<u>5,139,335</u>	<u>5,613</u>	<u>(5,155,408)</u>	<u>(10,460)</u>
Maintenance:						
DM01	44.6101.5900	Resurfacing and Drainage Project	<u>402,626</u>	<u>644</u>	<u>(394,270)</u>	<u>9,000</u>
		Total Maintenance	<u>402,626</u>	<u>644</u>	<u>(394,270)</u>	<u>9,000</u>
		Total Local Street Improvements	<u>5,541,961</u>	<u>6,257</u>	<u>(5,549,678)</u>	<u>(1,460)</u>
		Total Cumulative <i>TransNet</i> Extension	<u>5,541,961</u>	<u>6,257</u>	<u>(5,549,678)</u>	<u>(1,460)</u>
Completed Projects:						
		LSI - Commercial Paper Debt Service	1,082	-	(1,082)	-
		LSI - Congestion Relief	704,223	1,411	(705,634)	-
		Bikes and Pedestrian	<u>812,000</u>	<u>-</u>	<u>(812,000)</u>	<u>-</u>
		Total Completed Projects	<u>1,517,305</u>	<u>1,411</u>	<u>(1,518,716)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 7,059,266</u>	<u>\$ 7,668</u>	<u>\$ (7,068,394)</u>	<u>\$ (1,460)</u>

CITY OF DEL MAR, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Funds		Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2018	June 30, 2018	June 30, 2017		
For Fiscal Year ended June 30, 2011	June 30, 2018		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2012	June 30, 2019		-	-	-	-	-	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020		2,165	84	(2,249)	-	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		2,209	49	(2,241)	-	-	17	17	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	-	-	
Total RTCIP Funds			<u>\$ 6,778</u>	<u>\$ 158</u>	<u>\$ (4,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,446</u>	<u>\$ 17</u>	<u>\$ -</u>	

CITY OF EL CAJON, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of El Cajon, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,222,821. We selected \$1,244,082 (55.97%) 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. 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, 2018. The City allocates costs to capital projects using a fully-burdened hourly rate multiplied by the actual hours worked. The City's indirect cost plan was updated June 30, 2016. The dollar amount of the indirect costs charged to the *TransNet* program was \$31,519, resulting in 1.42% 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, 2018.

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

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

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

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

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

Results: No exceptions were noted as a result of our procedures.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City 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, 2018 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

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

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

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

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

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

Fiscal year 2018 apportionment	\$2,406,258
Less: debt service payment	<u>-</u>
Net estimated apportionment	2,406,258
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>721,877</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(90,429)
Maintenance fund balance	<u>(97,861)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(188,290)</u>
Fund balance under apportionment	\$ <u>910,167</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$ (90,429)	\$ 390,212	\$ 299,783
Maintenance	<u>(97,861)</u>	<u>2,882,213</u>	<u>2,784,352</u>
Totals	\$ <u>(188,290)</u>	\$ <u>3,272,425</u>	\$ <u>3,084,135</u>

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

Results: The City has expended 18.14% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$16,038,178	\$ 197,677	\$16,235,855
Maintenance	4,159,761	2,811,632	6,971,393
Interest	<u>7,097</u>	<u>263,116</u>	<u>270,213</u>
Total local street and road revenue	<u>\$20,205,036</u>	<u>\$3,272,425</u>	<u>\$23,477,461</u>
30% of total local street and road revenue			\$ 7,043,238
Less maintenance expenditures incurred to date			<u>(4,259,751)</u>
Available maintenance funds			<u>\$ 2,783,487</u>
Cumulative percentage expended for maintenance			<u>18.14%</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, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency’s General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$74,489,689</u>	<u>\$69,273,541</u>	<u>1.08</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 select the lowest rate.

Results: The lowest growth rate is 1.08.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,712,753
Growth Rate	<u>1.08</u>
Adjusted MOE base as of June 30, 2018	<u>\$1,849,773</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:

- i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$2,420,718
Less MOE base year requirement	<u>(1,712,753)</u>
Excess MOE for the year ended June 30, 2018	\$ <u>707,965</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as there were no RTCIP expenditures during the fiscal year ended June 30, 2018.

- v. 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 during the fiscal year ended June 30, 2018.

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

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

- vii. We 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.

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 14, 2018.

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

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

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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 EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	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	(65,495)	45,000	-	(52,195)	-	(72,690)	(a)
EL03	PW3613	Overlay Thoroughfares 2018	-	400,000	-	(62,773)	-	337,227	
EL03	PW50019	Overlay 2019	-	-	-	(410,263)	19,690	(390,573)	(a)(b)
Total EL03 Projects			(65,495)	445,000	-	(525,231)	19,690	(126,036)	
EL06	PW3580	Traffic Signal System Upgrades 2017	(1,146)	-	-	-	-	(1,146)	(a)
EL06	PW3615	Traffic Safety Calming- ECVHS	-	167,102	-	(167,102)	-	-	(c)
EL06	PW3616	Traffic Signal System Upgrades 2018	-	72,898	-	(57,404)	-	15,494	
Total EL06 Projects			(1,146)	240,000	-	(224,506)	-	14,348	
EL18	PW3577	Street Light LED Retrofit Program 2017	(13,318)	-	-	-	-	(13,318)	(a)
EL18	PW3614	Street Light LED Retrofit Program 2018	-	80,000	-	(81,487)	-	(1,487)	(a)(c)
EL18	PW3617	Washington Ave Complete Streets	-	-	-	(1,116)	-	(1,116)	(a)
EL18	PW3658	Street Light LED Retrofit Program 2019	-	-	-	(67,148)	-	(67,148)	(a)
Total EL18 Projects			(13,318)	80,000	-	(149,751)	-	(83,069)	
EL27	PW3432	Pedestrian Safety Greenfield	16,924	-	-	-	(16,924)	-	(b)(c)
EL28	PW3402	Intersection Jamacha / Main	2,125	-	-	-	(2,125)	-	(b)(c)
EL29	PW3579	Traffic Safety Calming 2017	13,329	-	-	(267)	-	13,062	
EL29	PW3491	Traffic Safety Calming	30,998	-	-	-	-	30,998	
EL29	PW3615	Traffic Safety Calming- ECVHS	-	215,300	-	(160,000)	-	55,300	
Total EL29 Projects			44,327	215,300	-	(160,267)	-	99,360	
Subtotal Congestion Relief			(16,583)	980,300	-	(1,059,755)	641	(95,397)	

SCHEDULE A

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	\$ (16,583)	\$ 980,300	\$ -	\$ (1,059,755)	\$ 641	\$ (95,397)	
EL30	PW3482	Second & Madison Intersection Improvement	641	-	-	-	(641)	-	(b)(c)
		Interest Income	3,877	-	1,091	-	-	4,968	
		Total Congestion Relief	(12,065)	980,300	1,091	(1,059,755)	-	(90,429)	
		Maintenance:							
EL11	PW3405	Sidewalk	17,658	-	-	-	-	17,658	
EL11	PW3575	ADA Pedestrian Ramps & Sidewalks 2017	-	60,000	-	(66,571)	6,546	(25)	(a)(d)(c)
EL11	PW3594	ADA Pedestrian Ramps & Sidewalks 2018	-	40,000	-	(39,349)	-	651	
		Total EL11 Projects	17,658	100,000	-	(105,920)	6,546	18,284	
EL21	PW3578	Street Resurfacing/Preservation 2017	17,474	465,196	-	(507,831)	-	(25,161)	(a)(c)
EL21	PW3622	Street Resurfacing/Preservation 2018	-	244,804	-	(337,917)	-	(93,113)	(a)
		Total EL21 Projects	17,474	710,000	-	(845,748)	-	(118,274)	
EL25	PW3375	Slope Repair Fletcher Pkwy	6,079	-	-	-	(6,079)	-	(d)(c)
EL32	PW3511	Pavement Management System	8,627	85,000	-	(93,160)	(467)	-	(c)(d)
		Interest Income	1,661	-	468	-	-	2,129	
		Total Maintenance	51,499	895,000	468	(1,044,828)	-	(97,861)	
		Total Local Street improvements	39,434	1,885,000	1,559	(2,114,283)	-	(188,290)	
		Smart Growth:							
EL33	MG3545	El Cajon Transit Center Mobility Plan	(23,157)	131,695	-	(108,538)	-	-	
		Total Smart Growth	(23,157)	131,695	-	(108,538)	-	-	
		Total <i>TransNet</i> Extension	16,277	2,016,695	1,559	(2,222,821)	-	(188,290)	
		GASB 31 Market Value Adjustment	(243)	-	(4,849)	-	243	(4,849)	(e)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 16,034	\$ 2,016,695	\$ (3,290)	\$ (2,222,821)	\$ 243	\$ (193,139)	

Notes:

- (a) City will request funds during FY19 to remove the negative balance.
- (b) Funds transferred from EL27 Pedestrian Safety Greenfield, EL28 Intersection Jamacha / Main, and EL30 Second & Madison Intersection Improvement to EL03 Overlay 2019 with April 24, 2018 RTIP amendment.
- (c) Project completed.
- (d) Funds will be transferred from EL25 Slope Repair Fletcher Pkwy and EL32 Pavement Management System to EL11 ADA Pedestrian Ramps & Sidewalks 2017 at the next RTIP amendment. City will present to Council on February 26, 2019.
- (e) GASB31 Adjustment made in agreement with City's financial records.

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
EL06	N/A	Regional Arterial Management Systems	\$ 58,200	\$ -	\$ (58,200)	\$ -
Total Congestion Relief - Pass-Through			<u>58,200</u>	<u>-</u>	<u>(58,200)</u>	<u>-</u>
Congestion Relief:						
EL03	PW3576	Overlay Thoroughfares 2017	1,275,846	-	(1,348,536)	(72,690)
EL03	PW3613	Overlay Thoroughfares 2018	400,000	-	(62,773)	337,227
EL03	PW50019	Overlay 2019	-	-	(390,573)	(390,573)
Total EL03 Projects			<u>1,675,846</u>	<u>-</u>	<u>(1,801,882)</u>	<u>(126,036)</u>
EL06	PW3580	Traffic Signal System Upgrades 2017	92,501	-	(93,647)	(1,146)
EL06	PW3615	Traffic Safety Calming- ECVHS	167,102	-	(167,102)	-
EL06	PW3616	Traffic Signal System Upgrades 2018	72,898	-	(57,404)	15,494
Total EL06 Projects			<u>332,501</u>	<u>-</u>	<u>(318,153)</u>	<u>14,348</u>
EL18	PW3577	Street Light LED Retrofit Program 2017	52,491	-	(65,809)	(13,318)
EL18	PW3614	Street Light LED Retrofit Program 2018	80,000	-	(81,487)	(1,487)
EL18	PW3617	Washington Ave Complete Streets	-	-	(1,116)	(1,116)
EL18	PW3658	Street Light LED Retrofit Program 2019	-	-	(67,148)	(67,148)
Total EL18 Projects			<u>132,491</u>	<u>-</u>	<u>(215,560)</u>	<u>(83,069)</u>
EL27	PW3432	Pedestrian Safety Greenfield	1,707,000	-	(1,707,000)	-
EL28	PW3402	Intersection Jamacha / Main	190,650	-	(190,650)	-
EL29	PW3579	Traffic Safety Calming 2017	45,000	-	(31,938)	13,062
EL29	PW3491	Traffic Safety Calming	179,775	-	(148,777)	30,998
EL29	PW3615	Traffic Safety Calming- ECVHS	215,300	-	(160,000)	55,300
Total EL29 Projects			<u>440,075</u>	<u>-</u>	<u>(340,715)</u>	<u>99,360</u>
Subtotal Congestion Relief			<u>4,478,563</u>	<u>-</u>	<u>(4,573,960)</u>	<u>(95,397)</u>

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 4,478,563	\$ -	\$ (4,573,960)	\$ (95,397)
EL30	PW3482	Second & Madison Intersection Improvement	346,323	-	(346,323)	-
		Interest Income	-	4,968	-	4,968
		Total Congestion Relief	<u>4,824,886</u>	<u>4,968</u>	<u>(4,920,283)</u>	<u>(90,429)</u>
		Maintenance:				
EL11	PW3405	Sidewalk	350,956	-	(333,298)	17,658
EL11	PW3575	ADA Pedestrian Ramps & Sidewalks 2017	66,546	-	(66,571)	(25)
EL11	PW3594	ADA Pedestrian Ramps & Sidewalks 2018	40,000	-	(39,349)	651
		Total EL11 Projects	<u>457,502</u>	<u>-</u>	<u>(439,218)</u>	<u>18,284</u>
EL21	PW3578	Street Resurfacing/Preservation 2017	534,673	-	(559,834)	(25,161)
EL21	PW3622	Street Resurfacing/Preservation 2018	244,804	-	(337,917)	(93,113)
		Total EL21 Projects	<u>779,477</u>	<u>-</u>	<u>(897,751)</u>	<u>(118,274)</u>
EL25	PW3375	Slope Repair Fletcher Pkwy & Murry Dr.	152,921	-	(152,921)	-
EL32	PW3511	Pavement Management System	99,533	-	(99,533)	-
		Interest Income	-	2,129	-	2,129
		Total Maintenance	<u>1,489,433</u>	<u>2,129</u>	<u>(1,589,423)</u>	<u>(97,861)</u>
		Total Local Street Improvements	<u>6,372,519</u>	<u>7,097</u>	<u>(6,567,906)</u>	<u>(188,290)</u>
		Smart Growth:				
EL33	MG3545	El Cajon Transit Center Mobility Plan	342,855	-	(342,855)	-
		Total Smart Growth	<u>342,855</u>	<u>-</u>	<u>(342,855)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>6,715,374</u>	<u>7,097</u>	<u>(6,910,761)</u>	<u>(188,290)</u>

CITY OF EL CAJON, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Completed Projects:						
		Congestion Relief	11,155,092	-	(11,155,092)	-
		Maintenance	<u>2,670,328</u>	<u>-</u>	<u>(2,670,328)</u>	<u>-</u>
		Total Completed Projects	<u>13,825,420</u>	<u>-</u>	<u>(13,825,420)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 20,540,794</u>	<u>\$ 7,097</u>	<u>\$ (20,736,181)</u>	<u>\$ (188,290)</u>

CITY OF EL CAJON CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2018	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2011	June 30, 2018		\$ 22,440	\$ 690	\$ (23,130)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2012	June 30, 2019		451	10	(461)	-	-	-		
For Fiscal Year ended June 30, 2013	June 30, 2020		19,485	221	(19,706)	-	-	-		
For Fiscal Year ended June 30, 2014	June 30, 2021		50,807	(432)	(50,375)	-	-	-		
For Fiscal Year ended June 30, 2015	June 30, 2022	EL03	132,986	442	(121,659)	-	(3,853)	11,769	11,769	
For Fiscal Year ended June 30, 2016	June 30, 2023		13,860	991	-	-	-	14,851	14,851	
For Fiscal Year ended June 30, 2017	June 30, 2024		260,933	-	-	-	-	260,933	260,933	
For Fiscal Year ended June 30, 2018	June 30, 2025		50,449	-	-	-	-	50,449	-	
Interest Income			-	7,809	-	-	-	7,809	3,588	
Total RTCIP Funds			<u>\$ 551,411</u>	<u>\$ 9,731</u>	<u>\$ (215,331)</u>	<u>\$ -</u>	<u>\$ (3,853)</u>	<u>\$ 345,811</u>	<u>\$ 291,141</u>	

CITY OF ENCINITAS, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Encinitas, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$2,275,474. We selected \$713,467 (31.35%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- v. Based on the project description and expenditure support 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: We noted one MPO ID (ENC17) that is classified on Schedule A and in the RTIP as Maintenance. However, through review of the project description, the MPO ID should be classified as a Congestion Relief project. The City is working with SANDAG staff to submit a RTIP amendment in FY 19 to properly classify the project.

- 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 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, 2019.

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$1,708,811
Less: debt service payment	<u>-</u>
Net estimated apportionment	1,708,811
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>512,643</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(57,663)
Maintenance fund balance	<u>(116,460)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(174,123)</u>
Fund balance under apportionment	\$ <u>686,766</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (57,663)	\$ 48,544	\$ (9,119)
Maintenance	<u>(116,460)</u>	<u>4,172,336</u>	<u>4,055,876</u>
Totals	<u>\$(174,123)</u>	<u>\$4,220,880</u>	<u>\$4,046,757</u>

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

Results: The City has expended 8.44% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$12,848,608	\$ (224,662)	\$12,623,946
Maintenance	1,447,462	4,073,490	5,520,952
Interest	<u>23,904</u>	<u>372,050</u>	<u>395,954</u>
 Total local street and road revenue	 <u>\$14,319,974</u>	 <u>\$4,220,880</u>	 <u>\$18,540,852</u>
 30% of total local street and road revenue			 \$ 5,562,256
Less maintenance expenditures incurred to date			<u>(1,564,310)</u>
 Available maintenance funds			 <u>\$ 3,997,946</u>
 Cumulative percentage expended for maintenance			 <u>8.44%</u>

12. 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, 2018.

13. In accordance with Section 8 of the Ordinance, re-index the Maintenance of Effort (MOE) base year amount to be used for fiscal years 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2015</u>	<u>2012</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2018 divided by General Fund revenues as of June 30, 2015	<u>\$73,848,258</u>	<u>\$62,530,229</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 select the lowest rate.

Results: The lowest growth rate is 1.18.

- d. We applied the growth rate selected in above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>
Previously approved MOE base	\$1,932,140	\$ 53
Growth Rate	<u>1.18</u>	<u>1.18</u>
Adjusted MOE base as of June 30, 2018	<u>\$2,279,925</u>	<u>\$ 63</u>

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

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2018, is summarized as follows:

	<u>Streets and Roads</u>	<u>Specialized Transportation</u>	<u>Total</u>
Current year local discretionary expenditures	\$7,635,752	\$3,910	\$7,639,662
Less MOE base year requirement	<u>(1,932,140)</u>	<u>(53)</u>	<u>(1,932,193)</u>
Excess MOE for the year ended June 30, 2018	<u>\$5,703,612</u>	<u>\$3,857</u>	<u>\$5,707,469</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- v. If unallowable expenditures were identified in procedure 15.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 the City did not have any RTCIP expenditures.

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

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

- vii. We 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 30, 2018.

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

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

16. 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.

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

Results: The prior year report included a finding related to charging an incorrect exaction fee. The current year testing of the exaction fee (procedure 15.c.) did not result in any findings. This finding is considered resolved.

18. 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Davis Fan UP

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“ITOC” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“*TransNet* Extension Ordinance” means the 2004 Proposition A.

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

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2017</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2018</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	CS17A	FY 16/17 Annual Street Overlay	66	-	-	-	(66)	-	(a)
ENC14A	CS18A	FY 17/18 Annual Street Overlay	-	1,797,488	4,383	(1,802,000)	66	(63)	(b)
		Total ENC 14A Projects	66	1,797,488	4,383	(1,802,000)	-	(63)	
ENC20	CS04D	No. Coast Hwy 101 Streetscape	(30,506)	289,795	-	(316,889)	-	(57,600)	(b)
ENC28	CS14E	Upgrade Traffic Signals - El Camino	(11,369)	11,369	-	-	-	-	(a)
		Total Congestion Relief	(41,809)	2,098,652	4,383	(2,118,889)	-	(57,663)	

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Maintenance:									
ENC17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	\$ -	\$ -	\$ -	\$ (7,893)	\$ -	\$ (7,893)	(b), (c)
ENC17	CS15C	South Coast Hwy 101 Sidewalk Improvement	-	6,053	-	(83,665)	-	(77,612)	(b), (c)
ENC17	CS18G	B Street Sidewalk Project	-	26,672	-	(57,627)	-	(30,955)	(b), (c)
Total ENC17 Projects			-	32,725	-	(149,185)	-	(116,460)	
Total Maintenance			-	32,725	-	(149,185)	-	(116,460)	
Total Local Street Improvements			(41,809)	2,138,777	4,383	(2,275,474)	-	(174,123)	
Total <i>TransNet</i> Extension			\$ (41,809)	\$ 2,138,777	\$ 4,383	\$ (2,275,474)	\$ -	\$ (174,123)	

Notes:

- (a) Project Complete.
- (b) Funding will be requested in FY19 to remove the deficit.
- (c) City will submit a RTIP amendment in FY 19 to reclassify the project as Congestion Relief.

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<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, 2018</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass Through:						
ENC28	CS02G	Regional Arterial Management Systems	\$ 44,400	\$ -	\$ (44,400)	\$ -
		Total Congestion Relief - Pass Through	<u>44,400</u>	<u>-</u>	<u>(44,400)</u>	<u>-</u>
Congestion Relief:						
ENC14A	CS17A	FY 16/17 Annual Street Overlay	1,516,000	-	(1,516,000)	-
ENC14A	CS18A	FY 17/18 Annual Street Overlay	<u>1,797,554</u>	<u>4,383</u>	<u>(1,802,000)</u>	<u>(63)</u>
		Total ENC14A Projects	<u>3,313,554</u>	<u>4,383</u>	<u>(3,318,000)</u>	<u>(63)</u>
ENC20	CS04D	No. Coast Hwy 101 Streetscape	<u>1,816,318</u>	<u>11,616</u>	<u>(1,885,534)</u>	<u>(57,600)</u>
ENC28	CS14E	Upgrade Traffic Signals - El Camino	<u>40,155</u>	<u>-</u>	<u>(40,155)</u>	<u>-</u>
		Total Congestion Relief	<u>5,170,027</u>	<u>15,999</u>	<u>(5,243,689)</u>	<u>(57,663)</u>

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

SCHEDULE B

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Maintenance:						
ENC 17	CS07B	Santa Fe Dr/I-5 MacKinnon Improvements	\$ 281,356	\$ 388	\$ (289,637)	\$ (7,893)
ENC 17	CS15C	South Coast Hwy 101 Sidewalk Improvement	22,388	-	(100,000)	(77,612)
ENC 17	CS18G	B Street Sidewalk Project	<u>26,672</u>	<u>-</u>	<u>(57,627)</u>	<u>(30,955)</u>
Subtotal ENC 17 Projects			<u>330,416</u>	<u>388</u>	<u>(447,264)</u>	<u>(116,460)</u>
Total Maintenance			<u>330,416</u>	<u>388</u>	<u>(447,264)</u>	<u>(116,460)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>5,544,843</u>	<u>16,387</u>	<u>(5,735,353)</u>	<u>(174,123)</u>
Completed Projects:						
LSI - Congestion Relief			7,634,181	7,517	(7,641,698)	-
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>8,803,971</u>	<u>7,517</u>	<u>(8,811,488)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 14,348,814</u>	<u>\$ 23,904</u>	<u>\$ (14,546,841)</u>	<u>\$ (174,123)</u>

CITY OF ENCINITAS, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

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, 2018	June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2010	June 30, 2017	ENC20	\$ 34,680	\$ 526	\$ -	\$ -	\$ (35,206)	\$ -	\$ -
For Fiscal Year ended June 30, 2011	June 30, 2018	ENC20	206,214	2,670	-	-	(208,884)	-	-
For Fiscal Year ended June 30, 2012	June 30, 2019	ENC20	138,651	1,370	-	-	(35,910)	104,111	104,111
For Fiscal Year ended June 30, 2013	June 30, 2020	ENC19	123,111	1,067	-	-	-	124,178	124,178
For Fiscal Year ended June 30, 2014	June 30, 2021	ENC19	176,720	1,095	-	-	-	177,815	177,815
For Fiscal Year ended June 30, 2015	June 30, 2022	ENC19	207,323	891	-	-	-	208,214	208,214
For Fiscal Year ended June 30, 2016	June 30, 2023	ENC19	242,595	-	-	-	-	242,595	242,595
For Fiscal Year ended June 30, 2017	June 30, 2024	ENC19	94,233	-	-	-	-	94,233	94,233
For Fiscal Year ended June 30, 2018	June 30, 2025	ENC19	125,062	-	-	-	-	125,062	-
Interest Income			-	19,704	-	-	-	19,704	14,019
Total RTCIP Funds			<u>\$ 1,348,589</u>	<u>\$ 27,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280,000)</u>	<u>\$ 1,095,912</u>	<u>\$ 965,165</u>

CITY OF ESCONDIDO, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Escondido, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$7,045,454. We selected \$2,180,076 (30.94%) 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. 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, 2018. The City allocates costs out of the various departments and into capital projects by using the Engineering time directly charged to a project as the cost basis and multiplying it by a set percentage associated with each department. The indirect costs charged

by department varied between 0.53% and 25.06%. The City allocated a total of \$210,960 of indirect costs in the RTIP, resulting in 2.99% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan was last updated during the fiscal year ended June 30, 2018, and the methodology was last reviewed and approved by the City Council during the fiscal year ended June 30, 2017. The City's indirect cost plan has not reviewed by a federal or state agency, nor has it been audited by an independent certified public accounting firm. The City's methodology for allocating indirect costs appears reasonable.

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$3,573,775
Less: debt service payment	<u> -</u>
Net estimated apportionment	3,573,775
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u>1,072,133</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(385,030)
Maintenance fund balance	<u> 4,290</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(380,740)</u>
Fund balance under apportionment	<u>\$1,452,873</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	<u>\$(385,030)</u>	<u>\$11,076,442</u>	<u>\$10,691,412</u>
Maintenance	<u> 4,290</u>	<u> 1,111,484</u>	<u> 1,115,774</u>
Totals	<u>\$(380,740)</u>	<u>\$12,187,926</u>	<u>\$11,807,186</u>

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

Results: The City has expended 24.80% 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	\$17,332,026	\$10,408,695	\$27,740,721
Maintenance	9,741,511	817,624	10,559,135
Interest	<u>25,584</u>	<u>961,607</u>	<u>987,191</u>
 Total local street and road revenue	 <u>\$27,099,121</u>	 <u>\$12,187,926</u>	 <u>\$39,287,047</u>
 30% of total local street and road revenue			 \$11,786,114
Less maintenance expenditures incurred to date			 <u>(9,744,725)</u>
 Available maintenance funds			 <u>\$ 2,041,389</u>
 Cumulative percentage expended for maintenance			 <u>24.80%</u>

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

Results: This procedure is not applicable as there are no commercial paper or bonds outstanding as of June 30, 2018.

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 2021, 2022 and 2023 audits.

a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
- 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$98,173,842</u>	<u>\$84,772,237</u>	<u>1.16</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 select the lowest rate.

Results: The lowest growth rate is 1.16.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,889,819
Growth Rate	<u>1.16</u>
Adjusted MOE base as of June 30, 2018	<u>\$3,352,190</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$5,591,515
Less MOE base year requirement	<u>(2,889,819)</u>
Excess MOE for the year ended June 30, 2018	<u>\$2,701,696</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. 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 \$341,955. We selected \$91,898 (26.87%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- vii. We 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 23, 2018.

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

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

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 of Escondido did not collect the correct exaction fee amount of \$2,357. The City collected 2 permits in the amount of \$2,310 for fiscal year 2015-2016 fees, which resulted in an under-collection amount of \$94. Our testing of exaction fees for the year ended June 30, 2018 (procedure 14.c.) did not identify any exceptions. 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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 and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
ESC02A	691705	East Valley/Valley Center Road	\$ 10,447	\$ 1,800,000	\$ -	\$ (2,917,491)	\$ 8,556	\$ (1,098,488)	(a), (b)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	64,315	-	-	(37,210)	-	27,105	
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	801,683	-	-	(7,341)	-	794,342	
ESC24	690029	Centre City/Highway 78 to Mission Ave	5,918	-	-	(312)	-	5,606	
ESC36	691201	Valley Blvd Relocation	1,059	-	-	-	(1,059)	-	(a)
		Subtotal Congestion Relief	883,422	1,800,000	-	(2,962,354)	7,497	(271,435)	
ESC38	694701	Pavement Rehabilitation FY 17	(10,385)	2,322,218	-	(2,307,120)	1,059	5,772	(a)
ESC38	694801	Pavement Rehabilitation FY 18	-	250,000	-	(376,366)	-	(126,366)	(b)
		Total ESC38 Project	(10,385)	2,572,218	-	(2,683,486)	1,059	(120,594)	
ESC39	691402	Traffic Signals & Intersections FY 14	4,613	10,000	-	(14,638)	-	(25)	(b)
ESC39	691801	Traffic Signals FY 18	-	10,000	-	(4,432)	-	5,568	
		Total ESC39 Project	4,613	20,000	-	(19,070)	-	5,543	
		Interest Income	8,556	-	1,456	-	(8,556)	1,456	(a)
		Total Congestion Relief	886,206	4,392,218	1,456	(5,664,910)	-	(385,030)	

CITY OF ESCONDIDO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Maintenance:									
ESC37	697601	Pavement Maintenance FY 16	\$ 8,729	\$ 80,000	\$ -	\$ (88,729)	\$ -	\$ -	(c)
ESC37	697701	Pavement Maintenance FY 17	3,214	1,044,000	-	(1,047,214)	-	-	(c)
ESC37	697801	Pavement Maintenance FY 18	-	-	-	-	3,666	3,666	(a)
Total ESC37 Project			11,943	1,124,000	-	(1,135,943)	3,666	3,666	
Interest Income			3,666	-	624	-	(3,666)	624	(a)
Total Maintenance			15,609	1,124,000	624	(1,135,943)	-	4,290	
Total Local Street Improvements			901,815	5,516,218	2,080	(6,800,853)	-	(380,740)	
Bikes and Pedestrian:									
ESC43	699501	Esc Creek Bikeway Missing Link	(18,075)	10,716	-	(67,965)	-	(75,324)	(d)
Total Bikes and Pedestrian			(18,075)	10,716	-	(67,965)	-	(75,324)	
Smart Growth:									
ESC44	699601	Transit Center Active Transportation Connections	(54,039)	186,170	-	(176,636)	-	(44,505)	(d)
Total Smart Growth			(54,039)	186,170	-	(176,636)	-	(44,505)	
Total <i>TransNet</i> Extension			\$ 829,701	\$ 5,713,104	\$ 2,080	\$ (7,045,454)	\$ -	\$ (500,569)	

CITY OF ESCONDIDO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Project	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
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Notes:

- (a) Per City Council action on December 6, 2017, Resolution 2017-157 and 2016 RTIP amendment no. 9, the following adjustments were made: \$1,059 of LSI cash on hand for ESC36 was moved to ESC38 since ESC36 is delayed and not moving forward, pooled congestion relief interest from FY 17 was moved to ESC02A and pooled maintenance interest from FY 17 was moved to ESC 37.
- (b) More project expenditures incurred than anticipated in FY 18, drawdowns were requested in FY 2019 for ESC02A and ESC39.
- (c) Project is complete.
- (d) Grant Projects are on a reimbursement basis and 10% retention is held by SANDAG.

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
ESC02A	691705	East Valley/Valley Center Road	\$ 3,204,572	\$ 8,686	\$ (4,311,746)	\$ (1,098,488)
ESC04	691101	Citracado/Harmony Grove to W Valley Pkwy	987,637	321	(960,853)	27,105
ESC06	691706	El Norte Pkwy Bridge at Escondido Creek	808,084	-	(13,742)	794,342
ESC24	690029	Centre City/Highway 78 to Mission Ave	110,000	-	(104,394)	5,606
ESC36	691201	Valley Blvd Relocation	23,941	-	(23,941)	-
Subtotal Congestion Relief			<u>5,134,234</u>	<u>9,007</u>	<u>(5,414,676)</u>	<u>(271,435)</u>
ESC38	694701	Pavement Rehabilitation FY 17	2,487,016	7,500	(2,488,744)	5,772
ESC38	694801	Pavement Rehabilitation FY 18	250,000	-	(376,366)	(126,366)
Total ESC38 Project			<u>2,737,016</u>	<u>7,500</u>	<u>(2,865,110)</u>	<u>(120,594)</u>
ESC39	691402	Traffic Signals & Intersections FY 14	110,000	-	(110,025)	(25)
ESC39	691801	Traffic Signals FY 18	10,000	-	(4,432)	5,568
Total ESC39 Project			<u>120,000</u>	<u>-</u>	<u>(114,457)</u>	<u>5,543</u>
Interest Income			<u>-</u>	<u>1,456</u>	<u>-</u>	<u>1,456</u>
Total Congestion Relief			<u>7,991,250</u>	<u>17,963</u>	<u>(8,394,243)</u>	<u>(385,030)</u>
Maintenance:						
ESC37	697601	Pavement Maintenance FY16	1,068,300	-	(1,068,300)	-
ESC37	697701	Pavement Maintenance FY17	1,044,000	3,214	(1,047,214)	-
ESC37	697801	Pavement Maintenance FY18	-	3,666	-	3,666
Total ESC37 Project			<u>2,112,300</u>	<u>6,880</u>	<u>(2,115,514)</u>	<u>3,666</u>
Subtotal Maintenance			<u>2,112,300</u>	<u>6,880</u>	<u>(2,115,514)</u>	<u>3,666</u>

SCHEDULE B

CITY OF ESCONDIDO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Maintenance	\$ 2,112,300	\$ 6,880	\$ (2,115,514)	\$ 3,666
		Interest Income	-	624	-	624
		Total Maintenance	2,112,300	7,504	(2,115,514)	4,290
		Total Local Street Improvements	10,103,550	25,467	(10,509,757)	(380,740)
		Bikes and Pedestrian:				
ESC43	699501	Esc Creek Bikeway Missing Link	173,392	-	(248,716)	(75,324)
		Total Bikes and Pedestrian	173,392	-	(248,716)	(75,324)
		Smart Growth:				
ESC44	699601	Transit Center Active Transportation Connections	303,970	-	(348,475)	(44,505)
		Total Smart Growth	303,970	-	(348,475)	(44,505)
		Subtotal Cumulative <i>TransNet</i> Extension	10,580,912	25,467	(11,106,948)	(500,569)
		Completed Projects:				
		Congestion Relief	8,996,690	117	(8,996,807)	-
		Congestion Relief Pass-Through	344,086	-	(344,086)	-
		Maintenance	7,629,211	-	(7,629,211)	-
		Completed Bikes and Pedestrian	1,161,050	4,479	(1,165,529)	-
		Total Completed Projects	18,131,037	4,596	(18,135,633)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 28,711,949	\$ 30,063	\$ (29,242,581)	\$ (500,569)

CITY OF ESCONDIDO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2018	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2011	June 30, 2018	ESC02A	\$ 24,767	\$ 2,229	\$ (26,996)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2012	June 30, 2019	ESC02A	21,351	1,475	(22,826)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	ESC02A	43,384	2,400	(45,784)	-	-	-	-
		ESC02A,							
For Fiscal Year ended June 30, 2014	June 30, 2021	ESC04	187,765	6,012	(175,308)	-	(18,469)	18,469	18,469
For Fiscal Year ended June 30, 2015	June 30, 2022	ESC04	200,779	1,423	-	-	(202,202)	202,202	202,202
For Fiscal Year ended June 30, 2016	June 30, 2023	ESC04	267,312	-	-	-	(267,312)	267,312	267,312
For Fiscal Year ended June 30, 2017	June 30, 2024	ESC04	453,403	-	-	-	(453,403)	453,403	453,403
For Fiscal Year ended June 30, 2018	June 30, 2025	ESC04	726,884	-	-	-	(11,614)	726,884	-
Interest Income			-	13,069	-	-	-	13,069	11,618
Total RTCIP Funds			\$ 1,925,645	\$ 26,608	\$ (270,914)	\$ -	\$ (953,000)	\$ 1,681,339	\$ 953,004

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Year Ended June 30, 2018

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

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Imperial Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$558,772. We selected \$153,123 (27.40%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

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

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$726,502
Less: debt service payment	<u> -</u>
Net estimated apportionment	726,502
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u>217,951</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	146,780
Maintenance fund balance	<u>38,237</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>185,017</u>
Fund balance under apportionment	\$ <u>32,934</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$146,780	\$353,742	\$500,522
Maintenance	<u>38,237</u>	<u>4,689</u>	<u>42,926</u>
Totals	<u>\$185,017</u>	<u>\$358,431</u>	<u>\$543,448</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 27.05% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$4,992,703	\$320,627	\$5,313,330
Maintenance	2,047,764	(8,153)	2,039,611
Interest	<u>30,008</u>	<u>45,957</u>	<u>75,965</u>
 Total local street and road revenue	 <u>\$7,070,475</u>	 <u>\$358,431</u>	 <u>\$7,428,906</u>
 30% of total local street and road revenue			 \$ 2,228,672
Less maintenance expenditures incurred to date			<u>2,009,527</u>
 Available maintenance funds			 \$ <u>219,145</u>
 Cumulative percentage expended for maintenance			 <u>27.05%</u>

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

Results: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$18,750,147</u>	<u>\$17,747,082</u>	<u>1.06</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 select the lowest rate.

Results: The lowest growth rate is 1.06.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$220,018
Growth Rate	<u>1.06</u>
Adjusted MOE base as of June 30, 2018	<u>\$233,219</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.
- c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:

- i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$350,742
Less MOE base year requirement	<u>(220,018)</u>
Excess MOE for the year ended June 30, 2018	<u>\$130,724</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 125 permits issued totaling \$5,875. See Finding 1 in the Findings and Recommendation section of the report.

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

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

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

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

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

Results: The City recorded total RTCIP expenditures in the amount of \$356,431. We selected \$79,604 (22.33%) for testing. We identified expenditures in the amount of \$24 which were not eligible costs in accordance with the *TransNet* Extension Ordinance and Expenditure Plan. See Finding 2 in the Findings and Recommendation section of the report.

- v. 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: We selected an additional \$102,045 (28.63%) for testing. No exceptions were noted as a result of our procedures.

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

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

- vii. We 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: The City did not provide its full monetary contribution required by Section 9.A of the *TransNet* Extension Ordinance. The City under collected exactions in the amount of \$5,875. See Finding 1 in the Findings and Recommendation section of the report.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 3, 2018.

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

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

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2018

(1) Need to Use Approved Exaction Fee

Per review of the City's exaction fee collections for the year ended June 30, 2018, the City did not consistently collect the required exaction fee amount of \$2,404. For 125 permits issued, the exaction fee collected was based upon the fiscal year (FY) 2016-17 exaction fee amount of \$2,357. This resulted in an under-collection of the exaction fee in the amount of \$5,875 as follows:

<u>Permit Number</u>	<u>Transaction Date</u>	<u>Number of Permits</u>	<u>Calculated Amount</u>	<u>Amount Charged</u>	<u>Variance</u>
BP-00294	8/8/17	42	\$100,968	\$ 98,994	\$1,974
BP-00796	9/25/17	30	72,120	70,710	1,410
BP-02102	2/6/18	<u>53</u>	<u>127,412</u>	<u>124,921</u>	<u>2,491</u>
		125	\$300,500	\$294,625	\$5,875

SANDAG Board recommendations as of February 24, 2017 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 \$2,357 to \$2,404 beginning July 1, 2017.”

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 \$5,875. 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 IMPERIAL BEACH, CALIFORNIA

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

Findings and Recommendations (Continued)

Year Ended June 30, 2018

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

Management Response

The City has updated the system to collect the correct amount for the RTCIP exaction fee. Additionally, the City has invoiced the individuals in which the permits were issued to, in the amount of \$5,875, to reconcile the difference between the fees collected and the amount that should have been collected when the permits were first issued.

CITY OF IMPERIAL BEACH, CALIFORNIA

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

Findings and Recommendations (Continued)

Year Ended June 30, 2018

(2) **Need to Only Include Eligible Costs in Accordance with *TransNet* Extension Ordinance**

As of June 30, 2018, total RTCIP expenditures charged to *TransNet* program were \$356,431. Of this amount, we noted \$24 of ineligible costs consisting of refreshment costs.

TransNet Extension Ordinance and Expenditure Plan Section 9(A) states, in part:

“...revenues will be used to construct improvements on the Regional Arterial System such as new or widened arterials, traffic signal coordination and other traffic improvements, freeway interchange and related freeway improvements, railroad grade separations, and improvements required for regional express bus and rail transit.”

Recommendation

We recommend that the City review invoices to only include eligible costs in accordance with *TransNet* Extension Ordinance and Expenditure Plan Requirements.

Management Response

The City moved the ineligible costs of \$24 for refreshments transactions charged out of the *TransNet* fund as of February 22, 2019 for FY18. In addition, the guidelines for *TransNet* Extension Ordinance were reviewed with staff to help ensure that only allowable expenditures are charged to *TransNet* in the future.

GLOSSARY OF TERMS

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

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

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

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
IB12	S13309/S18101	Major Street Improvements	\$ 72,011	\$ 162,500	\$ 1,157	\$ (88,888)	\$ -	\$ 146,780	
		Total Congestion Relief	72,011	162,500	1,157	(88,888)	-	146,780	
Maintenance:									
IB02	N/A	Street Maintenance - Operations	36,437	217,800	-	(216,000)	-	38,237	
		Total Maintenance	36,437	217,800	-	(216,000)	-	38,237	
		Total Local Street Improvements	108,448	380,300	1,157	(304,888)	-	185,017	
Smart Growth Grants:									
IB17	S15104	Palm Avenue Mixed Use - Rainbow to Delaware	(5,271)	228,496	-	(253,884)	-	(30,659)	(a)
		Total Smart Growth Grants	(5,271)	228,496	-	(253,884)	-	(30,659)	
		Total <i>TransNet</i> Extension	103,177	608,796	1,157	(558,772)	-	154,358	
		GASB 31 Market Value Adjustment	(4,109)	-	(3,579)	-	4,109	(3,579)	(b)
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	99,068	608,796	(2,422)	(558,772)	4,109	150,779	
Non-TransNet:									
IB18	SP1815	Imperial Beach Blvd. Safe Routes to School	-	182,324	-	(182,324)	-	-	
		Total Non- <i>TransNet</i>	-	182,324	-	(182,324)	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment and Non- <i>TransNet</i>	\$ 99,068	\$ 791,120	\$ (2,422)	\$ (741,096)	\$ 4,109	\$ 150,779	

Notes:

- (a) Negative balance represents 10% retention held by SANDAG to be paid upon completion of project.
- (b) Adjustment made to agree to City's financial records.

SCHEDULE B

CITY OF IMPERIAL BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<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, 2018</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
IB12	S13309/S18101	Major Street Improvements	\$ 4,992,703	\$ 30,008	\$ (4,875,931)	\$ 146,780
		Total Congestion Relief	<u>4,992,703</u>	<u>30,008</u>	<u>(4,875,931)</u>	<u>146,780</u>
Maintenance:						
IB02	N/A	Street Maintenance - Operations	<u>2,047,764</u>	-	<u>(2,009,527)</u>	<u>38,237</u>
		Total Maintenance	<u>2,047,764</u>	-	<u>(2,009,527)</u>	<u>38,237</u>
		Total Local Street Improvements	<u>7,040,467</u>	<u>30,008</u>	<u>(6,885,458)</u>	<u>185,017</u>
Smart Growth Grants:						
IB17	SB15104	Palm Avenue Mixed Use - Rainbow to Delaware	<u>275,940</u>	-	<u>(306,599)</u>	<u>(30,659)</u>
		Total Smart Growth Grants	<u>275,940</u>	-	<u>(306,599)</u>	<u>(30,659)</u>
Completed Projects:						
		Smart Growth Grant	400,000	-	(400,000)	-
		Bicycles and Pedestrian	<u>1,800,000</u>	-	<u>(1,800,000)</u>	-
		Total Completed Projects	<u>2,200,000</u>	-	<u>(2,200,000)</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 9,516,407</u>	<u>\$ 30,008</u>	<u>\$ (9,392,057)</u>	<u>\$ 154,358</u>

SCHEDULE C

CITY OF IMPERIAL BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

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, 2018	June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2011	June 30, 2018	IB11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2012	June 30, 2019	IB11	10,615	315	(10,930)	-	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020	IB11	6,495	161	(6,656)	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021	IB11	22,090	462	(22,552)	-	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022	IB11	42,832	645	(43,477)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023	IB11	48,510	386	(48,896)	-	-	-	48,510	
For Fiscal Year ended June 30, 2017	June 30, 2024	IB11	197,988	-	(197,988)	-	-	-	159,797	
For Fiscal Year ended June 30, 2018	June 30, 2025	IB11	352,277	-	(148,124)	24	-	204,177	-	(a)
Interest Income			-	5,771	-	-	-	5,771	1,848	
Total RTCIP Funds			\$ 680,807	\$ 7,740	\$ (478,623)	\$ 24	\$ -	\$ 204,177	\$ 210,155	

Notes:

(a) Adjustment is due to unallowable expenditures.

CITY OF LA MESA, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of La Mesa, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,743,661. We selected \$564,886 (32.40%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

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

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

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

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

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

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

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

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

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

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

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$1,568,970
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,568,970
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u> 470,691</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(642,807)
Maintenance fund balance	<u>(174,156)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(816,963)</u>
Fund balance under apportionment	<u>\$1,287,654</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(642,807)	\$ 42,466	\$(600,341)
Maintenance	<u>(174,156)</u>	<u>1,720,315</u>	<u>1,546,159</u>
Totals	<u>\$(816,963)</u>	<u>\$1,762,781</u>	<u>\$ 945,818</u>

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

Results: The City has expended 18.58% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$14,461,510	\$(142,373)	\$14,319,137
Maintenance	3,488,501	1,640,510	5,129,011
Interest	<u>700</u>	<u>264,644</u>	<u>265,344</u>
Total local street and road revenue	<u>\$17,950,711</u>	<u>\$1,762,781</u>	<u>\$19,713,492</u>

30% of total local street and road revenue	\$5,914,048
Less maintenance expenditures incurred to date	<u>3,662,849</u>
Available maintenance funds	<u>\$2,251,199</u>
Cumulative percentage expended for maintenance	<u>18.58%</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, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$46,583,204</u>	<u>\$40,843,887</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 select the lowest rate.

Results: The lowest growth rate is 1.14.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,774,888
Growth Rate	<u>1.14</u>
Adjusted MOE base as of June 30, 2018	<u>\$2,023,372</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 13.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City was in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2018, is summarized as follows:

Current year local discretionary expenditures	\$3,357,168
Less MOE base year requirement	<u>(1,774,888)</u>
Excess MOE for the year ended June 30, 2018	<u>\$1,582,280</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The City recorded total RTCIP expenditures in the amount of \$125,526. We selected \$56,767 (45.22%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- vii. We 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 17, 2018.

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

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

- 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**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 LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass Through:									
LAM46		Regional Arterial Management Systems	\$ -	\$ 7,400	\$ -	\$ (7,400)	\$ -	\$ -	
		Total Congestion Relief - Pass-Through	-	7,400	-	(7,400)	-	-	
Congestion Relief:									
LAM17	302120TR	Street Reconstruction 12	33,029	-	-	(30,101)	-	2,928	
LAM34	302138TR	Street Lights/ OH Utilities	96,601	-	-	(72,595)	-	24,006	
LAM37	302142TR	Traffic Signal Upgrades 14	(21,981)	28,344	-	(6,363)	-	-	(a)
LAM37	302162TR	Traffic Signal Upgrades 16	(16,380)	16,380	-	-	-	-	(a)
LAM37	302171TR	Traffic Signal Upgrades 17	(3,115)	55,276	-	(28,283)	-	23,878	
		Total LAM37 Projects	(41,476)	100,000	-	(34,646)	-	23,878	
LAM40	302153TR	Street Construction 15	507,570	-	-	(153,970)	-	353,600	
LAM40	302173TR	Street Construction 17	(1,010)	-	-	-	-	(1,010)	(b)
LAM40	302184TR	Street Construction 18	-	-	-	(166,710)	-	(166,710)	(b)
		Total LAM40 Projects	506,560	-	-	(320,680)	-	185,880	
LAM44	304130TR	Roadway Drainage Improvements 13	(3,911)	18,204	-	(14,293)	-	-	(a)
LAM44	304150TR	Roadway Drainage Improvements 15	(133,784)	133,784	-	-	-	-	(a)
LAM44	304160TR	Roadway Drainage Improvements 16	(240,981)	241,349	-	(368)	-	-	(a)
LAM44	304170TR	Roadway Drainage Improvements 17	(172,432)	6,663	-	(1,498)	4,695	(162,572)	(b)(c)
LAM44	304180TR	Roadway Drainage Improvements 18	-	-	-	(87,970)	-	(87,970)	(b)
		Total LAM44 Projects	(551,108)	400,000	-	(104,129)	4,695	(250,542)	
LAM48	302176CP	West La Mesa Commercial Paper	-	-	-	(629,465)	-	(629,465)	(b)
		Interest Income	421	-	87	-	-	508	
		Total Congestion Relief	44,027	500,000	87	(1,191,616)	4,695	(642,807)	

CITY OF LA MESA, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Maintenance:									
LAM31	General Fund	Street Maintenance	\$ (150,000)	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ (150,000)	(b)
LAM33	302154TR	Curb, Gutter, Sidewalk 15	-	18,099	-	(18,099)	-	-	(a)
LAM33	302161TR	Curb, Gutter, Sidewalk 16	(12,346)	12,346	-	-	-	-	(a)
LAM33	302170TR	Curb, Gutter, Sidewalk 17	(774)	169,555	-	(192,591)	-	(23,810)	(b)
		Total LAM 33 Projects	(13,120)	200,000	-	(210,690)	-	(23,810)	
LAM39	302163TR	Traffic Calming Program 16	(538)	-	-	-	-	(538)	(b)
		Interest Income	159	-	33	-	-	192	
		Total Maintenance	(163,499)	350,000	33	(360,690)	-	(174,156)	
		Total Local Street Improvements	(119,472)	857,400	120	(1,559,706)	4,695	(816,963)	
Senior Mini-Grants:									
LAM 27	212001	La Mesa Rides4Neighbors	(87,016)	177,107	-	(167,861)	-	(77,770)	(d)
		Total Senior Mini-Grants	(87,016)	177,107	-	(167,861)	-	(77,770)	
Smart Growth Grant									
LAM 47	302168OT	North Spring Street	(4,622)	-	-	(16,094)	-	(20,716)	(d)
		Total Smart Growth Grant	(4,622)	-	-	(16,094)	-	(20,716)	
Total <i>TransNet</i> Extension			\$ (211,110)	\$ 1,034,507	\$ 120	\$ (1,743,661)	\$ 4,695	\$ (915,449)	

Notes:

- (a) Projects completed in FY18 and will be closed in FY19.
- (b) Funding has been programmed in FY19 and will be drawn down.
- (c) Adjustment made to reflect a correction of a previous payment to vendor.
- (d) This is a reimbursable funding source and expenditures are expected to be in excess of funding while the project is active.

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
LAM46		Regional Arterial Management Systems	\$ 44,400	\$ -	\$ (44,400)	\$ -
		Total Congestion Relief - Pass-Through	<u>44,400</u>	<u>-</u>	<u>(44,400)</u>	<u>-</u>
Congestion Relief:						
LAM17	302120TR	Street Reconstruction 12	<u>253,601</u>	<u>-</u>	<u>(250,673)</u>	<u>2,928</u>
LAM34	302138TR	Street Lights OH Utility Undergrounding	<u>128,232</u>	<u>-</u>	<u>(104,226)</u>	<u>24,006</u>
LAM37	302142TR	Traffic Signal Upgrades 14	477,266	-	(477,266)	-
LAM37	302162TR	Traffic Signal Upgrades 16	16,380	-	(16,380)	-
LAM37	302171TR	Traffic Signal Upgrades 17	<u>55,276</u>	<u>-</u>	<u>(31,398)</u>	<u>23,878</u>
		Total LAM 37 Projects	<u>548,922</u>	<u>-</u>	<u>(525,044)</u>	<u>23,878</u>
LAM40	302153TR	Street Construction 15	588,032	-	(234,432)	353,600
LAM40	302173TR	Street Construction 17	6,608	-	(7,618)	(1,010)
LAM40	302184TR	Street Construction 18	<u>-</u>	<u>-</u>	<u>(166,710)</u>	<u>(166,710)</u>
		Total LAM 40 Projects	<u>594,640</u>	<u>-</u>	<u>(408,760)</u>	<u>185,880</u>
		Subtotal Congestion Relief	<u>1,525,395</u>	<u>-</u>	<u>(1,288,703)</u>	<u>236,692</u>

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Congestion Relief	\$ 1,525,395	\$ -	\$ (1,288,703)	\$ 236,692
LAM44	304130TR	Roadway Drainage Improvements 13	1,548,731	-	(1,548,731)	-
LAM44	304150TR	Roadway Drainage Improvements 15	526,795	-	(526,795)	-
LAM44	304160TR	Roadway Drainage Improvements 16	415,311	-	(415,311)	-
LAM44	304170TR	Roadway Drainage Improvements 17	6,663	-	(169,235)	(162,572)
LAM44	304180TR	Roadway Drainage Improvements 18	-	-	(87,970)	(87,970)
		Total LAM 44 Projects	<u>2,497,500</u>	<u>-</u>	<u>(2,748,042)</u>	<u>(250,542)</u>
LAM48	302176CP	West La Mesa Commercial Paper	<u>2,550,473</u>	<u>-</u>	<u>(3,179,938)</u>	<u>(629,465)</u>
		Interest Income	<u>-</u>	<u>508</u>	<u>-</u>	<u>508</u>
		Total Congestion Relief	<u>6,573,368</u>	<u>508</u>	<u>(7,216,683)</u>	<u>(642,807)</u>
		Maintenance:				
LAM31	General Fund	Street Maintenance	<u>1,058,281</u>	<u>-</u>	<u>(1,208,281)</u>	<u>(150,000)</u>
LAM33	302154TR	Curb, Gutter, Sidewalk 15	194,041	-	(194,041)	-
LAM33	302161TR	Curb, Gutter, Sidewalk 16	56,565	-	(56,565)	-
LAM33	302170TR	Curb, Gutter, Sidewalk 17	<u>169,555</u>	<u>-</u>	<u>(193,365)</u>	<u>(23,810)</u>
		Total LAM 33 Projects	<u>420,161</u>	<u>-</u>	<u>(443,971)</u>	<u>(23,810)</u>
		Subtotal Maintenance	<u>1,478,442</u>	<u>-</u>	<u>(1,652,252)</u>	<u>(173,810)</u>

SCHEDULE B

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Maintenance	\$ 1,478,442	\$ -	\$ (1,652,252)	\$ (173,810)
LAM39	302163TR	Traffic Calming Program 16	7,344	-	(7,882)	(538)
		Interest Income	-	192	-	192
		Total Maintenance	1,485,786	192	(1,660,134)	(174,156)
		Total Local Street Improvements	8,103,554	700	(8,921,217)	(816,963)
		Senior Mini-Grants:				
LAM 27	212001	La Mesa Rides4Neighbors	1,011,538	-	(1,089,308)	(77,770)
		Total Senior Mini-Grants	1,011,538	-	(1,089,308)	(77,770)
		Smart Growth Grant:				
LAM 47	302168OT	North Spring Street	41,607	-	(62,323)	(20,716)
		Total Smart Growth Grant	41,607	-	(62,323)	(20,716)
		Subtotal Cumulative <i>TransNet</i> Extension	\$ 9,156,699	\$ 700	\$ (10,072,848)	\$ (915,449)
		Completed Projects:				
		Local Street Improvements				
		Congestion Relief	7,843,742	-	(7,843,742)	-
		Maintenance	2,002,715	-	(2,002,715)	-
		Smart Growth	2,000,000	-	(2,000,000)	-
		Bikes and Pedestrians	449,000	-	(449,000)	-
		Commercial Paper Debt Service	2,550,473	-	(2,550,473)	-
		Total Completed Projects	14,845,930	-	(14,845,930)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 24,002,629	\$ 700	\$ (24,918,778)	\$ (915,449)

CITY OF LA MESA, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

Project Year	Last Date to Commit funds	Cumulative				Cumulative Status		Notes
		Funds Received	Interest Income	Project Expenditures	Funds Committed at June 30, 2018	June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2011	June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2012	June 30, 2019	35,774	-	(35,774)	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020	49,417	-	(49,417)	-	-	-	
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	-	(610,701)	-	65,053	190,579	
For Fiscal Year ended June 30, 2016	June 30, 2023	52,962	-	-	-	52,962	52,962	
For Fiscal Year ended June 30, 2017	June 30, 2024	43,984	-	-	-	43,984	43,984	
For Fiscal Year ended June 30, 2018	June 30, 2025	382,078	-	-	-	382,078	-	
Interest Income		-	7,576	-	-	7,576	-	(a)
Subtotal RTCIP Funds		1,363,271	7,576	(819,194)	-	551,653	287,525	
GASB 31 Market Value Adjustment		-	(5,425)	-	-	(5,425)	-	(a)
Total RTCIP Funds		\$ 1,363,271	\$ 2,151	\$ (819,194)	\$ -	\$ 546,228	\$ 287,525	

Notes:

(a) Adjustments will be made to the FY18-19 Financial Statements to reflect the adjustments to interest income and GASB 31 market value.

CITY OF LEMON GROVE, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Lemon Grove, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$1,458,821. We selected \$728,261 (49.92%) for testing. No exceptions were noted as a result of our procedures.

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

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

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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: We identified two expenditures under MPO ID LG18 (Congestion Relief) that were maintenance expenditures. Because there is a similar program for Maintenance, LG14, we moved \$44,995 from LG18 to LG14.

- 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: The City allocated indirect costs to projects included in the RTIP for the year ended June 30, 2018. Indirect costs are charged based on a percentage of actual salary and fringe benefits of the employees allocated to the *TransNet* fund. This overhead is then allocated to the Congestion

Relief and Maintenance projects based on actual expenses for the current year. The City allocated \$90,562 in indirect costs to the *TransNet* program, which represented 6.21% of total *TransNet* expenditures. The City does not have a formal indirect cost plan but intends to hire a consultant to develop a formal plan in 2019. 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 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 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 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, 2019.

Results: MPO ID LG13 has a negative ending balance of (\$401,632). However, the RTIP only has \$51,374 of additional funding. The City submitted a request to City Council on April 16, 2019 to move \$429,107 of cash from LG20 to LG13. The change will be reflected in fiscal year ending

June 30, 2019. No other exceptions were noted as a result of our procedures.

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

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - k. We obtained approval from SANDAG staff for the reason of inactivity.

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$716,409
Less: debt service payment	<u>-</u>
Net estimated apportionment	716,409
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>214,923</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(955,604)
Maintenance fund balance	<u>(269,399)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(1,225,003)</u>
Fund balance under apportionment	<u>\$1,439,926</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(955,604)	\$ 969,092	\$13,488
Maintenance	<u>(269,399)</u>	<u>320,036</u>	<u>50,637</u>
Totals	<u>\$(1,225,003)</u>	<u>\$1,289,128</u>	<u>\$ 64,125</u>

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

Results: The City has expended 28.68% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$3,895,811	\$ 868,495	\$4,764,306
Maintenance	1,713,219	277,200	1,990,419
Interest	<u>15,471</u>	<u>143,433</u>	<u>158,904</u>
Total local street and road revenue	<u>\$5,624,501</u>	<u>\$1,289,128</u>	<u>\$6,913,629</u>
30% of total local street and road revenue			\$2,074,089
Less maintenance expenditures incurred to date			<u>(1,982,727)</u>
Available maintenance funds			\$ <u>91,362</u>
Cumulative percentage expended for maintenance			<u>28.68%</u>

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

Results: This procedure is not applicable as there are no commercial paper or bonds outstanding as of June 30, 2018.

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 2021, 2022 and 2023 audits.
- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
- 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$13,596,665</u>	<u>\$12,098,501</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 select the lowest rate.

Results: The lowest growth rate is 1.12.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$181,274
Growth Rate	<u>1.12</u>
Adjusted MOE base as of June 30, 2018	<u>\$203,027</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: The City is in compliance with the MOE requirement. The City did not have an outstanding unmet MOE requirement for the prior year. MOE activity for the year ended June 30, 2018, is summarized as follows:

Current year local discretionary expenditures	\$302,534
Less MOE base year requirement	<u>(181,274)</u>
Excess MOE for the year ended June 30, 2018	<u>\$121,260</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have RTCIP expenditures during the fiscal year.

- v. 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 the City did not have RTCIP expenditures during the fiscal year.

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

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

- vii. We 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.

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on October 30, 2018.

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

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

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: This procedure is not applicable as 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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 LEMON GROVE, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
LG13	7130	Realignment - Congestion Relief	\$ (816,878)	\$ 991,121	\$ -	\$ (575,875)	\$ -	\$ (401,632)	(a)
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	(26,435)	26,435	-	(21,892)	8	(21,884)	(b),(c)
LG18	7155	Traffic Improvements - Congestion Relief	(10,863)	15,848	-	(8,078)	-	(3,093)	(b)
LG20	7300	Street Improvements - Congestion Relief	(366,214)	366,214	-	(528,995)	-	(528,995)	(b)
		Interest Income	8	-	-	-	(8)	-	(c)
		Total Congestion Relief	(1,220,382)	1,399,618	-	(1,134,840)	-	(955,604)	
Maintenance:									
LG14	7310	Traffic Improvements - Preventive Maintenance	(4,715)	4,715	-	(151,474)	3	(151,471)	(b),(c)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	(35,112)	42,100	-	(29,504)	-	(22,516)	(b)
LG17	7150	Street Improvements - Preventive Maintenance	-	-	-	(95,412)	-	(95,412)	(b)
		Interest Income	3	-	-	-	(3)	-	(c)
		Total Maintenance	(39,824)	46,815	-	(276,390)	-	(269,399)	
		Total Local Street Improvements	(1,260,206)	1,446,433	-	(1,411,230)	-	(1,225,003)	
Smart Growth Grant:									
LG22	7140	Realignment	(756,195)	517,747	-	-	-	(238,448)	(d)
LG23	7320	Broadway DVSP	6,976	16,005	-	(47,591)	-	(24,610)	(e)
		Total Smart Growth Grant	(749,219)	533,752	-	(47,591)	-	(263,058)	
		Total TransNet Extension	\$ (2,009,425)	\$ 1,980,185	\$ -	\$ (1,458,821)	\$ -	\$ (1,488,061)	

Notes:

- (a) Only \$51,374 has been programed in FY19. The City submitted a request to reprogram funds in FY19 to cover the deficit at the City Council meeting on April 16, 2019.
- (b) The City received reimbursement from SANDAG in FY19 for funds expended in FY18.
- (c) Pooled congestion relief and maintenance interest was moved to LG16 and LG14, respectively.
- (d) In September 2018 the City submitted invoice for final payment of \$157,549.50 and expect to submit documentation for release of \$80,500 of retention in December 2018.
- (e) The City received final grant funds at the beginning of FY19.

SCHEDULE B

CITY OF LEMON GROVE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
LG13	7130	Realignment - Congestion Relief	\$ 1,055,121	\$ 12,196	\$ (1,468,949)	\$ (401,632)
LG16	7280	Storm Drain Rehabilitation - Congestion Relief	880,596	2,858	(905,338)	(21,884)
LG18	7155	Traffic Improvements - Congestion Relief	101,099	308	(104,500)	(3,093)
LG20	7300	Street Improvements - Congestion Relief	1,858,995	-	(2,387,990)	(528,995)
		Interest Income	-	-	-	-
		Total Congestion Relief	<u>3,895,811</u>	<u>15,362</u>	<u>(4,866,777)</u>	<u>(955,604)</u>
Maintenance:						
LG14	7310	Traffic Improvements - Preventive Maintenance	722,889	-	(874,360)	(151,471)
LG15	7290	Storm Drain Rehabilitation - Preventive Maintenance	477,398	60	(499,974)	(22,516)
LG17	7150	Street Improvements - Preventive Maintenance	512,932	49	(608,393)	(95,412)
		Interest Income	-	-	-	-
		Total Maintenance	<u>1,713,219</u>	<u>109</u>	<u>(1,982,727)</u>	<u>(269,399)</u>
		Total Local Street Improvements	<u>5,609,030</u>	<u>15,471</u>	<u>(6,849,504)</u>	<u>(1,225,003)</u>
Smart Growth Grant:						
LG22	7140	Realignment	566,951	-	(805,399)	(238,448)
LG23	7320	Broadway DVSP	150,390	-	(175,000)	(24,610)
		Total Smart Growth Grant	<u>717,341</u>	<u>-</u>	<u>(980,399)</u>	<u>(263,058)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>6,326,371</u>	<u>15,471</u>	<u>(7,829,903)</u>	<u>(1,488,061)</u>
Completed Projects:						
		Smart Growth Grant	2,295,000	-	(2,295,000)	-
		Total Completed Projects	<u>2,295,000</u>	<u>-</u>	<u>(2,295,000)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 8,621,371</u>	<u>\$ 15,471</u>	<u>\$ (10,124,903)</u>	<u>\$ (1,488,061)</u>

CITY OF LEMON GROVE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2018	Cumulative Status		Note
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2009	June 30, 2016	LG 13	\$ 8,000	\$ 282	\$ -	\$ -	\$ (8,282)	\$ 8,282	\$ 8,282	
For Fiscal Year ended June 30, 2010	June 30, 2017	LG 13	4,080	91	-	-	(4,171)	4,171	4,171	
For Fiscal Year ended June 30, 2011	June 30, 2018	LG 13	8,324	183	-	-	(8,507)	8,507	8,507	
For Fiscal Year ended June 30, 2012	June 30, 2019	LG 13	6,369	99	-	-	(6,468)	6,468	6,468	
For Fiscal Year ended June 30, 2013	June 30, 2020	LG 13	6,495	80	-	-	(6,575)	6,575	6,575	
For Fiscal Year ended June 30, 2014	June 30, 2021	LG 13	22,134	215	-	-	(22,349)	22,349	22,349	
For Fiscal Year ended June 30, 2015	June 30, 2022	LG 13	130,777	737	-	-	(131,514)	131,514	131,514	
For Fiscal Year ended June 30, 2016	June 30, 2023	LG 13	272,580	1,202	-	1,181	(274,963)	274,963	273,782	(a)
For Fiscal Year ended June 30, 2017	June 30, 2024	LG 13	51,854	-	-	-	(51,854)	51,854	51,854	
For Fiscal Year ended June 30, 2018	June 30, 2025	LG 13	50,484	-	-	-	(50,484)	50,484	-	
Interest Income			-	11,210	-	-	-	11,210	5,301	
Total RTCIP Funds			<u>\$ 561,097</u>	<u>\$ 14,099</u>	<u>\$ -</u>	<u>\$ 1,181</u>	<u>\$ (565,167)</u>	<u>\$ 576,377</u>	<u>\$ 518,803</u>	

Notes:

(a) Fiscal year 2016 interest income was \$3,293, therefore the initial reported interest of \$1,202 was \$1,181 short. The City Adjustment brings the total interest to the correct amount earned.

CITY OF NATIONAL CITY, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of National City, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$3,548,490. We selected \$1,305,570 (36.79%) 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. 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, 2018.

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

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

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

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

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

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

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

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

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

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

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

Fiscal year 2018 apportionment	\$1,403,783
Less: debt service payment	<u>(379,160)</u>
Net estimated apportionment	1,024,623
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>307,387</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	8,410
Maintenance fund balance	<u>-</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>8,410</u>
Fund balance under apportionment	<u>\$298,977</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held <u>by City</u>	Funds Held <u>by SANDAG</u>	<u>Total</u>
Congestion Relief	\$ 8,410	\$ (3,883,599)	\$(3,875,189)
Maintenance	<u>-</u>	<u>4,020,483</u>	<u>4,020,483</u>
Totals	<u>\$ 8,410</u>	<u>\$ 136,884</u>	<u>\$ 145,294</u>

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

Results: The City has expended 0.00% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$16,875,546	\$(4,054,968)	\$12,820,578
Maintenance	-	3,972,483	3,972,483
Interest	<u>32,729</u>	<u>219,369</u>	<u>252,098</u>
Total local street and road revenue	<u>\$16,908,275</u>	<u>\$ 136,884</u>	<u>\$17,045,159</u>

30% of total local street and road revenue	\$5,113,548
Less maintenance expenditures incurred to date	<u> -</u>
Available maintenance funds	\$5,113,548
Cumulative percentage expended for maintenance	<u>0.00%</u>

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

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Interest</u> <u>Payments</u>
2010 Series A Bonds	\$978,627	\$ -	\$(341,599)	\$637,028	\$(37,562)

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 2021, 2022 and 2023 audits.

a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
- 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth</u> <u>Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$54,814,126</u>	<u>\$53,061,304</u>	1.03

- 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 select the lowest rate.

Results: The lowest growth rate is 1.03.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,970,841
Growth Rate	<u>1.03</u>
Adjusted MOE base as of June 30, 2018	<u>\$2,029,966</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.
- c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or

- ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
- iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
- e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$3,259,614
Less MOE base year requirement	<u>(1,970,841)</u>
Excess MOE for the year ended June 30, 2018	<u>\$1,288,773</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. 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 \$115,000. We selected \$115,000 (100.00%) for testing. No exceptions were noted as a result of our procedures.

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

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

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

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

- vii. We 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.

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

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

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

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

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

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

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

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

Results: The City provided RTCIP documentation to us for review on November 14, 2018.

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

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

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 related to charging incorrect exaction fees. The current year testing of the exaction fee (procedure 15.c.) also resulted in a finding. The City has invoiced all developers for the required under-collections. The City

CITY OF NATIONAL CITY, CALIFORNIA

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

Findings and Recommendations

Year Ended June 30, 2018

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

The City did not consistently collect the required exaction fee amount of \$2,404.14. For 77 permits issued, the exaction fee collected was based upon the prior year exaction fee amount. This resulted in an under-collection of the exaction fee in the amount of \$3,696 as follows:

<u>Invoice Number</u>	<u>Site Location</u>	<u>Audited Amount</u>	<u>Amount Charged</u>	<u>Variance</u>
2017-6697	Single Family Residential	\$2,404	\$2,357	\$47
2017-6563	Palm Plaza Apartments	<u>\$185,108</u>	<u>\$181,489</u>	<u>\$3,619</u>
Totals		<u>\$187,590</u>	<u>\$183,846</u>	<u>\$3,666</u>

SANDAG Board recommendations as of February 24, 2017 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 \$2,357 to \$2,404.14 beginning July 1, 2017.”

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 \$3,666. Additionally, we recommend that the City update and collect the proper exaction fees on a yearly basis to be in compliance with the RTCIP fees.

Management Response

The City is no longer using the old fee schedule and to assure compliance with the required exaction amount, the City is in the process of collecting the under-collected fees and will ensure that any future adjustments to the Regional Transportation Congestion Improvement Program (RTCIP) fees are updated in a timely manner.

has collected 1 out of 3 under collections. For the remaining amount of \$74, the City will make a transfer from the general fund into the RTCIP fund.

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

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

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

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

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

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

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

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

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

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

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

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

“***TransNet* Extension Ordinance**” means the 2004 Proposition A.

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

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	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:									
NC01	6569	Plaza Blvd. Widening	292,028	250,000	610	(6,246)	-	536,392	
NC03	6035	Street Resurfacing Project	(257,230)	160,000	-	(400,000)	-	(497,230)	(a)
NC04	6558	Traffic Signal Install/Upgrade	220,468	113,000	288	-	-	333,756	
NC15	6166	Citywide Safe Routes to School 2010 Series A Bonds Debt Service	(383,793)	432,000	-	(412,715)	-	(364,508)	(a)
			-	379,160	-	(379,160)	-	-	
		Total Congestion Relief	(128,527)	1,334,160	898	(1,198,121)	-	8,410	
		Total Local Street Improvements	(128,527)	1,342,160	898	(1,206,121)	-	8,410	
Smart Growth:									
NC19	6187	Downtown-Westside Community Connections	(78,364)	-	-	-	78,364	-	(b)(c)
NC23	6577	Westside Mobility Improvements Project	(28,226)	1,643,949	-	(1,815,723)	-	(200,000)	(d)
NC24	6578	Downtown Specific Plan Update	(124,906)	131,537	-	(6,631)	-	-	(c)
NC25	6189	Wayfinding Signage Program	(98,867)	618,033	-	(519,166)	-	-	(c)
		Total Smart Growth	(330,363)	2,393,519	-	(2,341,520)	78,364	(200,000)	

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2017</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2018</u>	<u>Notes</u>
Bike and Pedestrian:									
NC 20	6571	Division Street Road Diet	\$ (348,638)	\$ 261,985	\$ -	\$ (849)	\$ -	\$ (87,502)	(c)(d)
NC 21	6572	Euclid Avenue and Pedestrian Enhancements	(51,817)	51,817	-	-	-	-	(c)
NC 27	1015	Bicycle Parking Enhancements Grant #2	(50,000)	-	-	-	50,000	-	(e)
NC 28	6581	Midblock Pedestrian Crossing Enhancements	(113,859)	-	-	-	113,859	-	(e)
Total Bike and Pedestrian			(564,314)	313,802	-	(849)	163,859	(87,502)	
Total <i>TransNet</i> Extension			\$ (1,023,204)	\$ 4,049,481	\$ 898	\$ (3,548,490)	\$ 242,223	\$ (279,092)	

Notes:

- (a) The City will request drawdowns in FY19 & FY20 to cover the deficit
- (b) Adjustment made to correct a double entry of expenditures made in FY15 and FY16 on Schedule A.
- (c) Completed project.
- (d) Pending retention reimbursement.
- (e) An adjustment to this year's schedule is needed, since the project was intended for TDA and not *TransNet*. There should be no revenues or expenditures for this project with regard to *TransNet* this year.

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
NC04	6558	Regional Arterial Management Systems	\$ 48,000	\$ -	\$ (48,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>48,000</u>	<u>-</u>	<u>(48,000)</u>	<u>-</u>
Congestion Relief:						
NC01	6569	Plaza Blvd Widening	771,822	7,393	(242,823)	536,392
NC03	6035	Street Resurfacing Project	9,424,277	3,202	(9,924,709)	(497,230)
NC04	6558	Traffic Signal Install/Upgrade	744,682	12,351	(423,277)	333,756
NC15	6166	Citywide Safe Routes to School Tax 2010 Series A Bonds Debt Service	2,020,000 <u>3,042,402</u>	6,085 <u>-</u>	(2,390,593) <u>(3,042,402)</u>	(364,508) <u>-</u>
		Total Congestion Relief	<u>16,003,183</u>	<u>29,031</u>	<u>(16,023,804)</u>	<u>8,410</u>
		Total Local Street Improvements	<u>16,051,183</u>	<u>29,031</u>	<u>(16,071,804)</u>	<u>8,410</u>
Smart Growth:						
NC19	6187	Downtown-Westside Community Connections	2,000,000	-	(2,000,000)	-
NC23	6577	Westside Mobility Improvements Project	1,800,000	-	(2,000,000)	(200,000)
NC24	6578	Downtown Specific Plan Update	320,000	-	(320,000)	-
NC25	6189	Wayfinding Signage Program	825,000	-	(825,000)	-
		Total Smart Growth	<u>4,945,000</u>	<u>-</u>	<u>(5,145,000)</u>	<u>(200,000)</u>

SCHEDULE B

CITY OF NATIONAL CITY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<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, 2018</u>
Bike and Pedestrian:						
NC 20	6571	Division Street Road Diet	\$ 787,499	\$ -	\$ (875,001)	\$ (87,502)
NC 21	6572	Euclid Avenue and Pedestrian Enhancements	425,000	-	(425,000)	-
NC 27	1015	Bicycle Parking Enhancements Grant #2	-	-	-	-
NC 28	6581	Midblock Pedestrian Crossing Enhancements	-	-	-	-
Total Bike and Pedestrian			<u>1,212,499</u>	<u>-</u>	<u>(1,300,001)</u>	<u>(87,502)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>22,208,682</u>	<u>29,031</u>	<u>(22,516,805)</u>	<u>(279,092)</u>
Completed Projects:						
Congestion Relief			824,363	3,698	(828,061)	-
Smart Growth			2,000,000	-	(2,000,000)	-
Bike and Pedestrian			<u>506,860</u>	<u>-</u>	<u>(506,860)</u>	<u>-</u>
Total Completed Projects			<u>3,331,223</u>	<u>3,698</u>	<u>(3,334,921)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 25,539,905</u>	<u>\$ 32,729</u>	<u>\$ (25,851,726)</u>	<u>\$ (279,092)</u>

SCHEDULE C

CITY OF NATIONAL CITY, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2011	June 30, 2018	NC01	\$ 39,699	\$ 984	\$ (40,683)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2012	June 30, 2019	NC01	152,903	2,563	(155,466)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	NC01	102,133	1,191	(103,324)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	NC01	36,044	198	(36,242)	-	-	-	-
For Fiscal Year ended June 30, 2015	June 30, 2022	NC01	351,669	595	(352,264)	-	-	-	47,842
For Fiscal Year ended June 30, 2016	June 30, 2023		13,860	-	(13,860)	-	-	-	13,860
For Fiscal Year ended June 30, 2017	June 30, 2024		28,096	-	(28,143)	47	-	-	28,096
For Fiscal Year ended June 30, 2018	June 30, 2025		494,561	-	(13,361)	-	-	481,200	-
Interest Income			-	5,339	-	-	-	5,339	1,271
Subtotal RTCIP Funds			1,218,965	10,870	(743,343)	47	-	486,539	91,069
GASB 31 Market Value Adjustment			-	(2,160)	-	-	-	(2,160)	(1)
Total RTCIP Funds			<u>\$ 1,218,965</u>	<u>\$ 8,710</u>	<u>\$ (743,343)</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 484,379</u>	<u>\$ 91,068</u>

CITY OF OCEANSIDE, CALIFORNIA

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

Year Ended June 30, 2018

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

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

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Oceanside, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results: The City recorded total *TransNet* expenditures in the amount of \$12,963,931. We selected \$4,948,147 (38.17%) 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. 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, 2018. 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 \$1,487,008 of indirect costs to RTIP projects, resulting in 11.47% of the 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 federal or state agency or audited by a CPA firm. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2019.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.
Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.
 - l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.
Results: No exceptions were noted as a result of our procedures.
 - m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.
Results: This procedure is not applicable as the City 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than

30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$4,611,369
Less: debt service payment	<u>(50,759)</u>
Net estimated apportionment	4,560,610
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>1,368,183</u>
Less:	
Local Streets and Roads fund balance	646,866
Local Street Improvement:	
Congestion Relief fund balance	(3,680,381)
Maintenance fund balance	<u>(3,724,471)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(6,757,986)</u>
Fund balance under apportionment	<u>\$8,126,169</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(3,680,381)	\$(172,663)	\$(3,853,044)
Maintenance	<u>(3,724,471)</u>	<u>4,614,166</u>	<u>889,695</u>
Totals	<u>\$(7,404,852)</u>	<u>\$4,441,503</u>	<u>\$(2,963,349)</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 26.54% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$37,386,967	\$(711,097)	\$36,675,870
Maintenance	10,031,923	4,372,054	14,403,977
Interest	<u>168,576</u>	<u>780,546</u>	<u>949,122</u>
Total local street and road revenue	<u>\$47,587,466</u>	<u>\$4,441,503</u>	<u>\$52,028,969</u>
30% of total local street and road revenue			\$15,608,691
Less maintenance expenditures incurred to date			<u>(13,807,121)</u>
Available maintenance funds			<u>\$1,801,570</u>
Cumulative percentage expended for maintenance			<u>26.54%</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, 2017</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Principal Adjustments</u>	<u>Balance June 30, 2018</u>	<u>Interest Payments</u>
Commercial Paper Debt Services	\$1,064,000	\$ -	\$46,800	\$ -	\$1,017,200	\$ 3,959

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$140,010,179</u>	<u>\$125,050,264</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 select the lowest rate.

Results: The lowest growth rate is 1.12.

d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,786,239
Growth Rate	<u>1.12</u>
Adjusted MOE base as of June 30, 2018	<u>\$3,120,588</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$4,669,427
Less MOE base year requirement	<u>(2,786,239)</u>
Excess MOE for the year ended June 30, 2018	<u>\$1,883,188</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. 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 \$465,095. We selected \$150,212 (32.30%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: The City spent \$35,096 (3.69%) for fund administration. The City subsequently reduced RTCIP expenditures reported on Schedule C by \$6,560 to stay within the 3% limit.

- vii. 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 1, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“**Annual Street Report**” means the State of California Annual Street Report.

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

“**MOE**” means Maintenance of Effort as explained in Section 8 of the *TransNet* Extension Ordinance and Expenditure Plan.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“**Recipient Agency**” means an agency, including the County of San Diego and the Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, Santee, San Marcos, Solana Beach, and Vista, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“**RTCIP**” means the Regional Transportation Congestion Improvement Program, the new development exactions required per Section 9 of the *TransNet* Extension Ordinance.

“**RTIP**” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“**SANDAG**” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“**SANDAG Board Policy No. 031**” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“***TransNet* Extension Ordinance**” means the 2004 Proposition A.

“***TransNet* Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet:									
Local Streets and Roads:									
O14	914560900212	No Coast Hwy Bridge Seismic Retro	\$ 431,859	\$ -	\$ -	\$ (31,830)	\$ -	\$ 400,029	
O14	914560800212	Douglas Dr. Bridge Seismic Retro	<u>295,348</u>	<u>-</u>	<u>-</u>	<u>(48,511)</u>	<u>-</u>	<u>246,837</u>	
Total Local Streets and Roads			<u>727,207</u>	<u>-</u>	<u>-</u>	<u>(80,341)</u>	<u>-</u>	<u>646,866</u>	
Total <i>TransNet</i>			<u>727,207</u>	<u>-</u>	<u>-</u>	<u>(80,341)</u>	<u>-</u>	<u>646,866</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	902134800212	North Ave Slope Protection	(294,493)	294,493	-	-	-	-	
O17	905120100212	Loma Alta Creek Detention Basins	(77,179)	61,769	-	(135,542)	200	(150,752)	(a)(b)
O17	912145015212	LAC Detention Basins Mitigation	<u>(13,738)</u>	<u>13,738</u>	<u>-</u>	<u>(5,640)</u>	<u>-</u>	<u>(5,640)</u>	(c)
Total O17 Projects			<u>(385,410)</u>	<u>370,000</u>	<u>-</u>	<u>(141,182)</u>	<u>200</u>	<u>(156,392)</u>	
O24	918142415212	Strand Reconstruction	-	-	-	(17,215)	-	(17,215)	
O24	902754200212	Street Restoration	<u>223,979</u>	<u>6,000,000</u>	<u>-</u>	<u>(5,490,959)</u>	<u>-</u>	<u>733,020</u>	
Total O24 Projects			<u>223,979</u>	<u>6,000,000</u>	<u>-</u>	<u>(5,508,174)</u>	<u>-</u>	<u>715,805</u>	
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	27,252	200,000	-	(246,238)	-	(18,986)	(c)
O25	902131300212	MssnAve Fiber-Optic Cable Design	(341,213)	60,000	-	(441,595)	-	(722,808)	(c)(d)
O25	902146516212	Downtown Fiber-Optic	(17,388)	20,000	-	(48,648)	-	(46,036)	(c)
O25	903141315212	CstHwy/VstWy Upgrade Trffc Sig	<u>35,430</u>	<u>-</u>	<u>-</u>	<u>(111,736)</u>	<u>-</u>	<u>(76,306)</u>	(c)(d)
Total O25 Projects			<u>(295,919)</u>	<u>280,000</u>	<u>-</u>	<u>(848,217)</u>	<u>-</u>	<u>(864,136)</u>	
Subtotal Congestion Relief			<u>(457,350)</u>	<u>6,650,000</u>	<u>-</u>	<u>(6,497,573)</u>	<u>200</u>	<u>(304,723)</u>	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief - balance carried forward	\$ (457,350)	\$ 6,650,000	\$ -	\$ (6,497,573)	\$ 200	\$ (304,723)	
O33	902131200212	Coast Hwy Corridor Study/EIR	35,247	215,000	-	(201,767)	-	48,480	
O33	902137100212	Coast Hwy Vision EIR-SA	(307,057)	92,057	-	(5,646)	308,000	87,354	(e)(f)
		Total O33 Projects	(271,810)	307,057	-	(207,413)	308,000	135,834	
O37	902135600212	Bicycle Master Plan/Bike Sfty	(89,594)	120,000	-	(52,035)	-	(21,629)	(c)
O38	902134400212	Ada Ramp Rplcmt/Sdwks In-fill	59,374	-	-	(261,376)	-	(202,002)	(a)
O38	902134600212	Traffic Sig Safety& Ped Access	(59,535)	10,000	-	(13,609)	-	(63,144)	(a)(d)
O38	902135500212	Neighborhood Traffic Sfty Impr	(20,601)	50,000	-	(122,888)	-	(93,489)	(a)
		Total O38 Projects	(20,762)	60,000	-	(397,873)	-	(358,635)	
O39	902135200212	Clementine Intersection Reconstruction	(51,042)	150,000	-	(18,047)	-	80,911	(g)(h)
O39	917141614212	Coco Palms Flood Imprvmt	(77,910)	100,000	-	(10,366)	-	11,724	(g)(h)
		Total O39 Projects	(128,952)	250,000	-	(28,413)	-	92,635	
O40	902135400212	Mainline R/R Xing Sfty	(567,035)	1,064,000	-	(1,069,220)	-	(572,255)	(a)
O41	907118100212	Lot 23 Transit Parking Strctr	-	-	-	(2,752,107)	-	(2,752,107)	(a)(h)
O44	902143215212	El Camino Real Guardrail	(6,732)	350,000	-	(335,302)	-	7,966	(g)(h)
O45	902146816212	Mission Ave from Carolyn Cir to Foussat Rd	(16,694)	25,000	-	(33,508)	-	(25,202)	(c)
O45	902147216212	Douglas Dr Median HSIP-City	(2,001)	25,000	-	(69,639)	-	(46,640)	(c)
O45	902149717212	Roundabout Mesa/Barnwell	-	-	-	(7,316)	-	(7,316)	(a)
		Total O45 Projects	(18,695)	50,000	-	(110,463)	-	(79,158)	
		Subtotal Congestion Relief	(1,560,930)	8,851,057	-	(11,450,399)	308,200	(3,852,072)	

SCHEDULE A

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	\$ (1,560,930)	\$ 8,851,057	\$ -	\$(11,450,399)	\$ 308,200	\$ (3,852,072)	
O46	904146616212	Coastal Rail Trail Oblvd Morse	(36,341)	80,000	-	(66,037)	-	(22,378)	(a)
O47	907146416212	Pier Restoration	(402,476)	500,000	-	(21,304)	-	76,220	
		Commercial Paper Debt Services	-	50,759	-	(50,759)	-	-	
		Interest income	113,006	-	4,843	-	-	117,849	
		Total Congestion Relief	(1,886,741)	9,481,816	4,843	(11,588,499)	308,200	(3,680,381)	
		Maintenance:							
O18	425411212	Misc Traffic Markings	(11,001)	-	-	(4,839)	-	(15,840)	(c)
O18	425418212	Neighborhood Traffic Improvement	(67,765)	-	-	(178,077)	-	(245,842)	(c)
O18	425426212	Misc Street Projects	(2,877,518)	-	-	(193,980)	-	(3,071,498)	(c)
O18	425442212	Side Walk Repair	-	-	-	(125,200)	78,630	(46,570)	(c)(d)
O18	425620212	Street Tree Maintenance	(200,074)	-	-	(195,154)	-	(395,228)	(c)(d)
O18	902141515212	Side Walk Repair	78,630	-	-	-	(78,630)	-	(i)
		Total O18 Projects	(3,077,728)	-	-	(697,250)	-	(3,774,978)	
		Interest Income	48,431	-	2,076	-	-	50,507	
		Total Maintenance	(3,029,297)	-	2,076	(697,250)	-	(3,724,471)	
		Total Local Street Improvements	(4,916,038)	9,493,016	6,919	(12,296,949)	308,200	(7,404,852)	
		Bike and Pedestrian:							
O30	902129800212	2-Year Educ/Encour/Awareness	4,123	8,708	-	(4,123)	-	8,708	
		Total Bike and Pedestrian	4,123	8,708	-	(4,123)	-	8,708	
		Smart Growth:							
O42	836145615212	Seagaze Downtown Mobility	(3,471)	326,256	-	(320,827)	(1,958)	-	
O42	902145615212	Seagaze Downtown Mobility - City	(6,122)	-	-	(10,954)	1,958	(15,118)	(a)
O42	902145616212	Seagaze Downtown Mobility - Cnstr	-	-	-	(58,837)	-	(58,837)	(a)
		Total Smart Growth	(9,593)	326,256	-	(390,618)	-	(73,955)	

CITY OF OCEANSIDE, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Senior Mini-Grant:							
O34	817130816212	Senior Transportation Grant	\$ -	\$ 191,900	\$ -	\$ (191,900)	\$ -	\$ -	
		Total Senior Mini-Grant	-	191,900	-	(191,900)	-	-	
		Total <i>TransNet</i> Extension	(4,921,508)	10,019,880	6,919	(12,883,590)	308,200	(7,470,099)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	(4,194,301)	10,019,880	6,919	(12,963,931)	308,200	(6,823,233)	
		GASB 31 Market Value Adjustment	485	-	(6,916)	-	(485)	(6,916)	
		Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment	\$ (4,193,816)	\$ 10,019,880	\$ 3	\$ (12,963,931)	\$ 307,715	\$ (6,830,149)	

Notes:

- (a) City will request a drawdown to remove deficit.
- (b) A refund for \$200 was issued for *TransNet* related CIP expenditures.
- (c) City requested a drawdown in Sept/Oct 2018 to remove deficit.
- (d) Project closed as of 6/30/2018.
- (e) Adjustment made to reflect an omission to the Project Status from the FY16 ending balance to the FY17 beginning balance.
- (f) Project is now closed, remaining funds to be moved to 902131200212 Coast Highway Corridor (same MPO ID).
- (g) Completed project.
- (h) Project balance to be transferred to MPO ID O41 from MPO IDs O39 & O44 through council resolution in FY19.
- (i) Adjustment to move balance to project 425442212 Sidewalk Repair (same MPO ID).

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<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, 2018</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
O35	N/A	Regional Arterial Management Systems	\$ 67,200	\$ -	\$ (67,200)	\$ -
		Total Congestion Relief - Pass-Through	<u>67,200</u>	<u>-</u>	<u>(67,200)</u>	<u>-</u>
Congestion Relief:						
O17	905120100212	North Ave Slope Protection	294,493	-	(294,493)	-
O17	905120100212	Loma Alta Creek Detention Basins	2,221,769	-	(2,372,521)	(150,752)
O17	912145015212	LAC Dentention Basin Mitigation	<u>13,738</u>	<u>-</u>	<u>(19,378)</u>	<u>(5,640)</u>
		Total O17 Projects	<u>2,530,000</u>	<u>-</u>	<u>(2,686,392)</u>	<u>(156,392)</u>
O24	918142415212	Strand Reconstruction	-	-	(17,215)	(17,215)
O24	902754200212	Street Restoration	<u>23,811,236</u>	<u>-</u>	<u>(23,078,216)</u>	<u>733,020</u>
		Total O24 Projects	<u>23,811,236</u>	<u>-</u>	<u>(23,095,431)</u>	<u>715,805</u>
O25	902111200212	Adp Signal TMC Traffic Mgmt Ctr	2,200,000	-	(2,218,986)	(18,986)
O25	902131300212	MssnAve Fiber-Optic Cable Design	180,000	-	(902,808)	(722,808)
O25	902131300212	MssnAve Fiber-Optic Cable Design	45,000	-	(91,036)	(46,036)
O25	903141315212	CstHwy/VstWy Upgrade Trffc Sig	<u>55,000</u>	<u>-</u>	<u>(131,306)</u>	<u>(76,306)</u>
		Total O25 Projects	<u>2,480,000</u>	<u>-</u>	<u>(3,344,136)</u>	<u>(864,136)</u>
O33	902131200212	Coast Hwy Corridor Study/EIR	898,921	-	(850,441)	48,480
O33	902137100212	Coast Hwy Vision EIR-SA	<u>410,422</u>	<u>-</u>	<u>(323,068)</u>	<u>87,354</u>
		Total O33 Projects	<u>1,309,343</u>	<u>-</u>	<u>(1,173,509)</u>	<u>135,834</u>
		Subtotal Congestion Relief	<u>30,130,579</u>	<u>-</u>	<u>(30,299,468)</u>	<u>(168,889)</u>

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<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, 2018</u>
		Congestion Relief balance carried forward	\$ 30,130,579	\$ -	\$ (30,299,468)	\$ (168,889)
O37	902135600212	Bicycle Master Plan/Bike Sfty	237,183	-	(258,812)	(21,629)
O38	902134400212	Ada Ramp Rplcmt/Sdwlks In-fill	499,608	-	(701,610)	(202,002)
O38	902134600212	Traffic Sig Safety& Ped Access	55,532	-	(118,676)	(63,144)
O38	902135500212	Neighborhood Traffic Sfty Impr	142,982	-	(236,471)	(93,489)
		Total O38 Projects	698,122	-	(1,056,757)	(358,635)
O39	902135200212	Clementime Intersection Reconstruction	445,152	-	(364,241)	80,911
O39	917141614212	Coco Palms Flood Imprvmnt	540,000	-	(528,276)	11,724
		Total O39 Projects	985,152	-	(892,517)	92,635
O40	902135400212	Mainline R/R Xing Sfty	1,714,000	-	(2,286,255)	(572,255)
O41	907118100212	Lot 23 Transit Parking Strctr	-	-	(2,752,107)	(2,752,107)
O44	902143215212	El Camino Real Guardrail	400,000	-	(392,034)	7,966
O45	902146816212	Mission Ave from Carolyn Cir to Foussat R	25,000	-	(50,202)	(25,202)
O45	902147216212	Douglas Dr Median HSIP-City	25,000	-	(71,640)	(46,640)
O45	902149717212	Roundabout Mesa/Barnwell	-	-	(7,316)	(7,316)
		Total O45 Projects	50,000	-	(129,158)	(79,158)
O46	904146616212	Coastal Rail Trail Oblvd Morse	80,000	-	(102,378)	(22,378)
		Subtotal Congestion Relief	34,295,036	-	(38,169,486)	(3,874,450)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 34,295,036	\$ -	\$(38,169,486)	\$ (3,874,450)
O47	907146416212	Pier Restoration	500,000	-	(423,780)	76,220
		Other Commercial Paper Bonds - <i>TransNet II</i>	50,759	-	(50,759)	-
		Interest Income	-	117,849	-	117,849
		Total Congestion Relief	34,845,795	117,849	(38,644,025)	(3,680,381)
		Maintenance:				
O18	425411212	Misc Traffic Markings	323,170	-	(339,010)	(15,840)
O18	425418212	Neighborhood Traffic Improvement	527,190	-	(773,032)	(245,842)
O18	425426212	Misc Street Projects	4,334,915	-	(7,406,413)	(3,071,498)
O18	425442212	Side Walk Repair	78,630	-	(125,200)	(46,570)
O18	425620212	Street Tree Maintenance	200,000	-	(595,228)	(395,228)
O18	902141515212	Side Walk Repair	371,111	-	(371,111)	-
		Total O18 Projects	5,835,016	-	(9,609,994)	(3,774,978)
		Interest Income	-	50,507	-	50,507
		Total Maintenance	5,835,016	50,507	(9,609,994)	(3,724,471)
		Total Local Street Improvements	40,748,011	168,356	(48,321,219)	(7,404,852)
		Bike and Pedestrian:				
O30	902129800212	2-Year Educ/Encour/Awareness	186,229	-	(177,521)	8,708
		Total Bike and Pedestrian	186,229	-	(177,521)	8,708
		Smart Growth:				
O42	836145615212	Seagaze Downtown Mobility	355,538	-	(355,538)	-
O42	902145615212	Seagaze Downtown Mobility - City	1,958	-	(17,076)	(15,118)
O42	902145616212	Seagaze Downtown Mobility - Cnstr	-	-	(58,837)	(58,837)
		Total Smart Growth	357,496	-	(431,451)	(73,955)

CITY OF OCEANSIDE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Senior Mini-Grant:						
O34	817130816212	Senior Transportation Grant	\$ 587,852	\$ -	\$ (587,852)	\$ -
Total Senior Mini-Grant			<u>587,852</u>	<u>-</u>	<u>(587,852)</u>	<u>-</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>41,879,588</u>	<u>168,356</u>	<u>(49,518,043)</u>	<u>(7,470,099)</u>
Completed Projects:						
LSI - Congestion Relief			2,473,973	-	(2,473,973)	-
LSI - Maintenance			4,196,907	220	(4,197,127)	-
Bike and Pedestrian			390,099	-	(390,099)	-
Senior Mini-Grant			<u>757,082</u>	<u>13</u>	<u>(757,095)</u>	<u>-</u>
Total Completed Projects			<u>7,818,061</u>	<u>233</u>	<u>(7,818,294)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 49,697,649</u>	<u>\$ 168,589</u>	<u>\$ (57,336,337)</u>	<u>\$ (7,470,099)</u>

SCHEDULE C

CITY OF OCEANSIDE, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2018	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2011	June 30, 2018		\$ 118,617	\$ 1,199	\$ (119,816)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2012	June 30, 2019		169,688	-	(169,688)	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020		402,690	-	(402,690)	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		251,826	1,690	(253,516)	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022		128,478	911	(129,389)	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023		256,521	1,798	(258,319)	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	O22	912,159	7,156	(919,315)	-	-	-	
For Fiscal Year ended June 30, 2018	June 30, 2025	O22	951,228	-	(255,183)	-	-	696,045	
Interest Income			-	2,235	-	-	-	2,235	
Total RTCIP Funds			\$ 3,191,207	\$ 14,989	\$ (2,507,916)	\$ -	\$ -	\$ 698,280	\$ -

CITY OF POWAY, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Poway, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,671,739. We selected \$1,449,898 (86.73%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support reviewed, we evaluated whether the MPO ID is properly classified as either Maintenance or Congestion Relief based on the definition in Board Policy 031.

Results: No exceptions were noted as a result of our procedures.

- vi. 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 adjustments for the fiscal year ended June 30, 2018.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no remaining balances of completed projects.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: This procedure is not applicable as there were no negative balances for the fiscal year ended June 30, 2018.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: This procedure is not applicable as there were no negative balances for the fiscal year ended June 30, 2018.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: Transferred the unused *TransNet* Cash balance of \$63,288 from CIP Project STR0003 (POW34), \$3,712 from CIP Project STR0006 (POW35) and \$3,660 from CIP Project STR0011(POW41) for a total of \$70,660 and appropriate to Poway Road Turn Lane Extension Project STR0008 (POW46) to make the new project budget \$436,228.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$1,506,372
Less: debt service payment	<u> -</u>
Net estimated apportionment	1,506,372
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u>451,912</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	181,648
Maintenance fund balance	<u> -</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>181,648</u>
Fund balance under apportionment	<u>\$270,264</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$181,648	\$379,749	\$561,397
Maintenance	<u> -</u>	<u> 37,284</u>	<u> 37,284</u>
Totals	<u>\$181,648</u>	<u>\$417,033</u>	<u>\$598,681</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 29.72% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$ 9,796,670	\$337,800	\$10,134,470
Maintenance	4,320,700	22,644	4,343,344
Interest	<u>17,740</u>	<u>56,589</u>	<u>74,329</u>
 Total local street and road revenue	 <u>\$14,135,110</u>	 <u>\$417,033</u>	 <u>\$14,552,143</u>
 30% of total local street and road revenue			 \$ 4,365,643
Less maintenance expenditures incurred to date			<u>4,325,344</u>
 Available maintenance funds			 <u>\$ 40,299</u>
 Cumulative percentage expended for maintenance			 <u>29.72%</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, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General fund revenues as of June 30, 2015	<u>\$51,092,682</u>	<u>\$41,762,275</u>	<u>1.22</u>

c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

Results: The lowest growth rate is 1.22

d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$1,088,158
Growth Rate	<u>1.22</u>
Adjusted MOE base as of June 30, 2018	<u>\$1,327,553</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.

- c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or
 - ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
- e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$2,924,310
Less MOE base year requirement	<u>(1,088,158)</u>
Excess MOE for the year ended June 30, 2018	<u>\$1,836,152</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. 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 \$57,755. We selected \$47,579 (82.38%) for testing. No exceptions were noted as a result of our procedures.
- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.
- vii. We 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 24, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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 POWAY, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	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 20	0411-4320B	16/17 Annual Reconstruction & Overlay Project	260,122	-	1,470	(261,592)	-	-	(a)
POW 31	0411-4320B	17/18 Annual Reconstruction & Overlay Project	-	820,000	615	(709,627)	-	110,988	
POW 34	12014A	Neighborhood Sidewalk Projects	50,128	150,000	806	(137,646)	(63,288)	-	(b)
POW 35	12008	Midland Road Pedestrian Safety Project	15,686	-	109	(12,083)	(3,712)	-	(b)
POW 41	12009	Poway Road Corridor Study	5,450	100,000	51	(101,841)	(3,660)	-	(b)
POW 46	STR0008	Poway Rd Left Turn Improvements	-	-	-	-	70,660	70,660	(b)
Total Congestion Relief			331,386	1,070,000	3,051	(1,222,789)	-	181,648	
Maintenance:									
POW 28	0411-4320C	Street Maintenance Project	-	441,650	-	(441,650)	-	-	(a)(c)
Total Maintenance			-	441,650	-	(441,650)	-	-	
Total Local Street Improvement			331,386	1,518,950	3,051	(1,671,739)	-	181,648	
Subtotal <i>TransNet</i> Extension			331,386	1,518,950	3,051	(1,671,739)	-	181,648	
GASB 31 Market Value Adjustment			(732)	-	(546)	-	-	(1,278)	
Total <i>TransNet</i> Extension			\$ 330,654	\$ 1,518,950	\$ 2,505	\$ (1,671,739)	\$ -	\$ 180,370	

Notes:
 (a) Project complete.
 (b) Transferred funds from completed projects POW 34, POW 35, and POW 41 to POW 46 via staff resolution 19-010 for Fiscal Year 2018-19.
 (c) The expenditures for the City's Congestion Relief and Maintenance programs were substantially made during the first part of the fiscal year. However, due to cash flow constraints, *TransNet* funds were received evenly throughout the fiscal year. This resulted in an average negative cash balance for the fiscal year. Therefore, the funds received no interest allocation.

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief Pass-Through:						
POW 29	0411-4320D	Regional Arterial Management Systems	\$ 43,800	\$ -	\$ (43,800)	\$ -
Total Congestion Relief Pass-Through			<u>43,800</u>	<u>-</u>	<u>(43,800)</u>	<u>-</u>
Congestion Relief:						
POW 20	0411-4320B	16/17 Annual Reconstruction & Overlay Project	950,000	2,132	(952,132)	-
POW 31	0411-4320B	17/18 Annual Reconstruction & Overlay Project	820,000	615	(709,627)	110,988
POW 34	12014A	Neighborhood Sidewalk Projects	136,712	934	(137,646)	-
POW 35	12008	Midland Road Pedestrian Safety Project	296,288	1,153	(297,441)	-
POW 41	12009	Poway Road Corridor Study	121,340	64	(121,404)	-
POW 46	STR0008	Poway Rd Left Turn Improvements	<u>70,660</u>	<u>-</u>	<u>-</u>	<u>70,660</u>
Total Congestion Relief			<u>2,395,000</u>	<u>4,898</u>	<u>(2,218,250)</u>	<u>181,648</u>
Maintenance:						
POW 28	0411-4320C	Street Maintenance Project	<u>892,500</u>	<u>-</u>	<u>(892,500)</u>	<u>-</u>
Total Maintenance			<u>892,500</u>	<u>-</u>	<u>(892,500)</u>	<u>-</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>3,331,300</u>	<u>4,898</u>	<u>(3,154,550)</u>	<u>181,648</u>
Completed Projects:						
Local Street Improvements:						
Congestion Relief			7,357,870	8,198	(7,366,068)	-
Maintenance			<u>3,428,200</u>	<u>4,644</u>	<u>(3,432,844)</u>	<u>-</u>
Total Completed Projects			<u>10,786,070</u>	<u>12,842</u>	<u>(10,798,912)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 14,117,370</u>	<u>\$ 17,740</u>	<u>\$ (13,953,462)</u>	<u>\$ 181,648</u>

SCHEDULE C

CITY OF POWAY, CALIFORNIA
TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2018	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2009	June 30, 2016	POW42	\$ 78,000	\$ 5,741	\$ (83,741)	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2010	June 30, 2017	POW42	10,295	699	(10,994)	-	-	-	
For Fiscal Year ended June 30, 2011	June 30, 2018	POW42/POW37	158,156	5,917	(26,928)	-	(137,145)	137,145	
For Fiscal Year ended June 30, 2012	June 30, 2019	POW37	6,369	183	-	-	(6,552)	6,552	
For Fiscal Year ended June 30, 2013	June 30, 2020	POW37	30,310	630	-	-	(30,940)	30,940	
For Fiscal Year ended June 30, 2014	June 30, 2021	POW37	17,672	286	-	-	(17,958)	17,958	
For Fiscal Year ended June 30, 2015	June 30, 2022	POW37	20,336	76	-	-	(2,766)	20,412	
For Fiscal Year ended June 30, 2016	June 30, 2023		25,360	-	-	-	-	25,360	
For Fiscal Year ended June 30, 2017	June 30, 2024		32,998	-	-	-	-	32,998	
For Fiscal Year ended June 30, 2018	June 30, 2025		43,275	-	-	-	-	43,275	
Interest Income			-	10,123	-	-	-	10,123	
Subtotal RTCIP Funds			422,771	23,655	(121,663)	-	(195,361)	324,763	
GASB 31 Market Value Adjustment			-	(1,651)	-	-	-	(1,651)	
Total RTCIP Funds			\$ 422,771	\$ 22,004	\$ (121,663)	\$ -	\$ (195,361)	\$ 323,112	

CITY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Diego, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$33,890,261. We selected \$10,504,708 (31.00%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support 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. 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, 2018. Indirect costs are allocated to RTIP projects at a rate that depends on the department of the employee that charged labor to the project. In total, three City departments charged labor and applied indirect costs to projects in the RTIP. The indirect cost rates charged by the departments ranged from 10.0% to 93.3% of direct labor.

Total indirect costs included within projects in the RTIP were \$3,071,575, or 9.06% of total *TransNet* expenditures. The City's indirect cost plan is reviewed by the California Department of Transportation (Caltrans). The City's indirect cost rates have been approved by Caltrans through June 30, 2018 through a submission which occurred on March 30, 2017. City's methodology for allocating indirect costs appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: No exceptions were noted as a result of our procedures.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the 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, 2018 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$32,473,365
Less: debt service payment	<u>-</u>
Net estimated apportionment	32,473,365
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>9,742,010</u>
Less:	
Local Streets and Roads fund balance	260,659
Local Street Improvement:	
Congestion Relief fund balance	(164,975)
Maintenance fund balance	<u>49,361</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>145,045</u>
Fund balance under apportionment	\$ <u>9,596,965</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(164,975)	\$30,820,953	\$30,655,978
Maintenance	<u>49,361</u>	<u>1,877,216</u>	<u>1,926,577</u>
Totals	\$ <u>(115,614)</u>	\$ <u>32,698,169</u>	\$ <u>32,582,555</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 29.14% 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	\$185,324,319	\$28,208,391	\$213,532,710
Maintenance	89,879,349	566,916	90,446,265
Interest	<u>225,645</u>	<u>3,922,862</u>	<u>4,148,507</u>
 Total local street and road revenue	 <u>\$275,429,313</u>	 <u>\$32,698,169</u>	 <u>\$308,127,482</u>
 30% of total local street and road revenue			 \$ 92,438,245
Less maintenance expenditures incurred to date			<u>89,793,067</u>
 Available maintenance funds			 <u>\$ 2,645,178</u>
 Cumulative percentage expended for maintenance			 <u>29.14%</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, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2018 divided by General Fund revenues as of June 30, 2015	<u>\$1,502,016,000</u>	<u>\$1,315,944,000</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 select the lowest rate.

Results: The lowest growth rate is 1.14.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

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	\$22,679,581	\$167,817	\$903,424	\$23,750,822
Growth rate	<u>1.14</u>	<u>1.14</u>	<u>1.14</u>	<u>1.14</u>
Adjusted MOE base as of June 30, 2018	<u>\$25,854,722</u>	<u>\$191,311</u>	<u>\$1,029,903</u>	<u>\$27,075,936</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, 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	\$52,163,996	\$167,817	\$911,578	\$53,243,391
Less MOE base year requirement	<u>(22,679,581)</u>	<u>(167,817)</u>	<u>(903,424)</u>	<u>(23,750,822)</u>
Excess MOE for the year ended June 30, 2018	<u>\$29,484,415</u>	\$ _____ -	<u>\$ 8,154</u>	<u>\$29,492,569</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. 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 \$4,239,439. We selected \$2,535,563 (59.81%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 14.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 14.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: The City spent \$122,489 or 1.94% of program revenue for fund administration services for the year ended June 30, 2018. No exceptions were noted as a result of our procedures.

- vii. 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: The City allowed a developer credit of \$1,215,318 for purposes of complying with the RTCIP exaction fee. No exceptions were noted as a result of our procedures.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 30, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet:									
Highways:									
CAL 28	524632	SR 56/Black Mountain Road	\$ 2,549,532	\$ -	\$ 19,560	\$ -	\$ (2,569,092)	\$ -	(a)
		Total Highways	<u>\$ 2,549,532</u>	<u>\$ -</u>	<u>\$ 19,560</u>	<u>\$ -</u>	<u>\$ (2,569,092)</u>	<u>\$ -</u>	
Local Streets and Roads:									
SD09	AIK.00001	New Walkways	7,285	-	-	(7,285)	-	-	
SD15	AIH.00001	Street Light Installation	42,007	-	-	(41,817)	-	190	
SD17	AIE.00002	Guard Rails - AA	313,180	-	-	(297,216)	-	15,964	
SD18	AIL.00001	Signal Installation - AA	325,168	-	-	(296,477)	-	28,691	
SD19	S00864	Streamview Drive	2,271	-	-	(1,800)	-	471	
SD34	S00856	El Camino Real Road and Bridge Widening	-	-	-	26,386	-	26,386	(b)
SD38	S00863	Georgia Street Bridge/University Ave Separation Replacement	3,942	-	-	(3,942)	-	-	
SD49	AIG00001	Median Installation	-	-	-	(27,714)	27,714	-	(c)
SD49	S11057	Florida Drive Median Improvement	27,714	-	-	-	(27,714)	-	(c)(d)
		Total SD49 Projects	<u>27,714</u>	<u>-</u>	<u>-</u>	<u>(27,714)</u>	<u>-</u>	<u>-</u>	
SD51	S-00935	North Torrey Pines Road Bridge	113,848	-	-	(23,608)	-	90,240	
SD96	AID.00005	Resurfacing City Streets	25,161	-	-	(22,655)	-	2,506	
SD154	S00928	La Jolla Mesa Drive Sidewalk	5,000	-	-	(5,000)	-	-	
SD164	S00880	Miramar Road	17,279	-	-	(14,063)	-	3,216	
SD166	AIA.00001	Minor Bicycle Facilities	18,285	-	-	(18,285)	-	-	
		Subtotal Local Streets and Roads	<u>901,140</u>	<u>-</u>	<u>-</u>	<u>(733,476)</u>	<u>-</u>	<u>167,664</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Local Streets and Roads balance carried forward	\$ 901,140	\$ -	\$ -	\$ (733,476)	\$ -	\$ 167,664	
SD175	S00609	Talbot Street Slope restoration	91,219	-	-	-	-	91,219	(e)
SD208	S00602	Juan Street - Concrete Street	47,040	-	-	(47,040)	-	-	
SD226	S00870	Old Otay Road Westerly	1,776	-	-	-	-	1,776	(e)
		Subtotal Local Streets and Roads	1,041,175	-	-	(780,516)	-	260,659	
		Interest income	-	-	-	-	-	-	
		Total Local Streets and Roads	1,041,175	-	-	(780,516)	-	260,659	
		GASB 31 Market Value Adjustment	(2,534)	-	2,534	-	-	-	
		Total Local Streets and Roads after GASB 31 Adjustment	<u>\$ 1,038,641</u>	<u>\$ -</u>	<u>\$ 2,534</u>	<u>\$ (780,516)</u>	<u>\$ -</u>	<u>\$ 260,659</u>	
		Bikes and Pedestrian:							
SD14	S00731	State Route 15 Bikeway Study	57,768	-	417	-	(58,185)	-	(a)
SD108	S00944	Bayshore Bikeway Feasibility Study (Non CIP)	31,753	-	443	-	-	32,196	
SD114	S00946	Rose Creek / Pedestrian Bridge	122,507	-	884	-	(123,391)	-	(a)
SD120	S00958	San Diego River Multi-Use	4,452	-	62	-	-	4,514	(f)(d)
SD122	S00955	State Route 56 Bike Path	3,557	-	50	-	-	3,607	
SD141	S00943	Poway Road Bike Path	80,452	-	1,122	-	-	81,574	(e)
SD143	S00962	Rancho Bernardo Bikeway	198,232	-	1,430	-	(199,662)	-	(a)
SD145	13000376	Prop A Bicycle Safety Education	34,949	-	252	-	(35,201)	-	(a)
V02	S00951	Coastal Rail Trail	127,304	-	1,775	-	(1)	129,078	(g)
		Subtotal Bikes and Pedestrian	660,974	-	6,435	-	(416,440)	250,969	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Bikes and Pedestrian balance carried forward	\$ 660,974	\$ -	\$ 6,435	\$ -	\$ (416,440)	\$ 250,969	
		Interest Income	-	-	-	-	-	-	
		Total Bikes and Pedestrian	660,974	-	6,435	-	(416,440)	250,969	
		GASB 31 Market Value Adjustment	(1,458)	-	(185)	-	-	(1,643)	
		Total Bikes and Pedestrian after GASB 31 Adjustment	<u>\$ 659,516</u>	<u>\$ -</u>	<u>\$ 6,250</u>	<u>\$ -</u>	<u>\$ (416,440)</u>	<u>\$ 249,326</u>	
		Total <i>TransNet</i>	\$ 4,251,681	\$ -	\$ 25,995	\$ (780,516)	\$ (2,985,532)	\$ 511,628	
		Total GASB 31 Market Value Adjustment	(3,992)	-	2,349	-	-	(1,643)	
		Total <i>TransNet</i> after GASB 31 Adjustment	<u>\$ 4,247,689</u>	<u>\$ -</u>	<u>\$ 28,344</u>	<u>\$ (780,516)</u>	<u>\$ (2,985,532)</u>	<u>\$ 509,985</u>	
		<i>TransNet Extension:</i>							
		Major Corridor:							
SD108	S-00944	Bayshore Bikeway	\$ 272,743	\$ -	\$ 3,384	\$ (5,897)	\$ -	\$ 270,230	
		Total Major Corridor	272,743	-	3,384	(5,897)	-	270,230	
		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)	-	-	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Congestion Relief:									
SD09	AIK.00001	New Walkways (ARRA)	\$ 29,794	\$ 55,499	\$ -	\$ (44,373)	\$ -	\$ 40,920	
SD09	AIK.00001	New Walkways	50,320	1,179,714	-	(1,044,443)	-	185,591	
Total SD09 Projects			80,114	1,235,213	-	(1,088,816)	-	226,511	
SD15	AIH.00001	Street Lights - Smart Growth Areas	(1,243)	286,508	-	(65,265)	-	220,000	
SD16A	AIL.00002	Traffic Signal Interconnect Projects	(59,157)	335,387	-	(255,720)	-	20,510	
SD16A	AIL.00004	Traffic Signals - Citywide	5,423	969,461	-	(804,021)	-	170,863	
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	(43,772)	620,745	-	(519,092)	-	57,881	
SD16A	AIL.00005	Traffic Signals - Modifications/ Modernization (ARRA)	16,039	-	-	-	-	16,039	
Total SD16A Projects			(81,467)	1,925,593	-	(1,578,833)	-	265,293	
SD18	AIL.00001	Traffic Control/Calming Measures - Smart Growth Areas	(28,284)	520,903	-	(416,554)	-	76,065	
SD19	S00864	Streamview Drive	(25,502)	25,502	-	-	-	-	
SD19	S00864	Streamview Drive (ARRA)	-	-	-	(7,714)	7,714	-	(h)
Total SD19 Projects			(25,502)	25,502	-	(7,714)	7,714	-	
SD23	ACA.00001	Drainage Projects	(23,564)	1,133,707	-	(1,171,674)	-	(61,531)	
SD23	ACA.00001	Drainage Projects (ARRA)	(414,236)	685,713	-	(203,760)	-	67,717	
Total SD23 Projects			(437,800)	1,819,420	-	(1,375,434)	-	6,186	
Subtotal Congestion Relief			(494,182)	5,813,139	-	(4,532,616)	7,714	794,055	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPOP ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	\$ (494,182)	\$ 5,813,139	\$ -	\$ (4,532,616)	\$ 7,714	\$ 794,055	
SD29	S00845	43rd Street Widening	10,077	-	-	(10,075)	(2)	-	(g)(h)
SD34	S00856	El Camino Real Road and Bridge Widening	(918)	9,764	-	138,026	-	146,872	(b)
SD38	S00863	Georgia St Bridge & University Ave	(48,101)	589,075	-	(599,415)	-	(58,441)	(i)
SD49	AIG.00001	Median Installation	(17,642)	157,200	-	(113,058)	-	26,500	
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	(1,386)	85,844	-	(26,797)	-	57,661	
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	3,824	-	-	(3,669)	-	155	
SD83	S00851	State Route 163 and Friars Road, Phase I	(4,120)	2,033,426	-	(5,856,392)	-	(3,827,086)	(i)
SD86	S00605	Famosa Slough Salt Marsh Restoration	16,691	-	-	-	-	16,691	(e)
SD90	S00905	Clairemont Mesa/SR163	(316,830)	351,643	-	521	-	35,334	(j)
SD92	S00699 & S00700	Azalea Park Rdway Improvements and Neighborhood ID	16,272	-	-	-	-	16,272	(e)
SD96	AID.00005	Resurfacing of City Streets	1,085,080	250,000	-	(408,072)	-	927,008	
SD96	AID.00005	Resurfacing of City Streets (ARRA)	52,932	-	-	-	-	52,932	
		Total SD96 Projects	1,138,012	250,000	-	(408,072)	-	979,940	
		Subtotal Congestion Relief	301,697	9,290,091	-	(11,411,547)	7,712	(1,812,047)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	\$ 301,697	\$ 9,290,091	\$ -	\$ (11,411,547)	\$ 7,712	\$ (1,812,047)	
SD97	AIK.00002	School Traffic Safety Improvements	3,026	8,226	-	(2,068)	-	9,184	
SD99	AIE.00001	Bridge Rehabilitation	(6,003)	470,229	-	(645,972)	-	(181,746)	(i)
SD102A	S11060	Otay Mesa Truck Route Phase 4	(19,124)	552,018	-	(186,174)	-	346,720	
SD106	S00839	Mission Beach Boardwalk Bulkhead	12,573	-	-	(335)	(12,238)	-	(d)(h)
SD108	S00944	Bayshore Bikeway	-	31,146	-	(14,874)	-	16,272	
SD108	S00944	Bayshore Bikeway (ARRA)	-	2,099	-	(2,099)	-	-	
		Total SD108 Projects	-	33,245	-	(16,973)	-	16,272	
SD113	S00914	Sorrento valley Rd & I-5 Interchange	(925)	16,469	-	(15,544)	-	-	
SD120	S00958	San Diego River Multi-Use Bicycle Pedestrian Path	13,869	-	-	-	(13,869)	-	(d)(h)
SD129	S00915	University Avenue Mobility Project	(42,506)	460,382	-	(359,140)	-	58,736	
SD129	S00915	University Avenue Mobility Project (ARRA)	-	-	-	-	-	-	
		Total SD129 Projects	(42,506)	460,382	-	(359,140)	-	58,736	
SD137	S00913	Palm Avenue Roadway Improvements	-	-	-	(145,967)	145,967	-	(h)
SD141	S00939	Poway Road Bike Path	2,212	-	-	-	-	2,212	(e)
		Subtotal Congestion Relief	264,819	10,830,660	-	(12,783,720)	127,572	(1,560,669)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	\$ 264,819	\$ 10,830,660	\$ -	\$ (12,783,720)	\$ 127,572	\$ (1,560,669)	
SD153	S00985	25th Street Renaissance Project	-	-	-	(7,963)	7,963	-	(h)
SD154	S00928	La Jolla Mesa Drive Sidewalk	(37,128)	276,430	-	(161,389)	-	77,913	
SD156	S00922	34th & 35th at Madison Improvements	81,406	-	-	(7,007)	(74,399)	-	(d)(h)
SD157	S00921	Cherokee Street Improvements	(3,877)	119,990	-	(98,136)	-	17,977	
SD162	S00673	Home Avenue Street Improvements	159,376	-	-	(727)	(49,340)	109,309	(h)
SD166	AIA.00001	Minor Bicycle Facilities	(20,103)	547,856	-	(342,123)	-	185,630	
SD166	S00981	El Camino Real Road / SR-56 Bike Path Connector	(8,170)	8,170	-	-	-	-	
SD166	S00955	Minor Bicycle Facilities	(1,155)	1,510	-	(355)	-	-	
		Total SD166 Projects	(29,428)	557,536	-	(342,478)	-	185,630	
SD175	S-00609	Talbot Street Slope Reconstruction	41,960	-	-	32,000	-	73,960	(k)
SD179	S-00907	Linda Vista Road and Genesee Avenue	-	-	-	(18,179)	18,267	88	(h)
SD186	21002143	Administrative Expenses - Comptrollers	(2,289)	97,289	-	(98,009)	-	(3,009)	(i)
SD186	21002273	Administrative Expenses - Engineering	(11,658)	193,125	-	(191,181)	-	(9,714)	(i)
		Total SD186 Projects	(13,947)	290,414	-	(289,190)	-	(12,723)	
		Subtotal Congestion Relief	463,181	12,075,030	-	(13,676,789)	30,063	(1,108,515)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	\$ 463,181	\$12,075,030	\$ -	\$ (13,676,789)	\$ 30,063	\$ (1,108,515)	
SD188	various	Congestion Relief /Traffic Signal Operations	226	3,285,946	-	(3,283,730)	-	2,442	
SD200	S14009	SR56 / Euclid Avenue Interchange Improv	(102,222)	337,681	-	(145,159)	-	90,300	
SD208	S00602	Juan Street - Concrete Street	170,611	121,373	-	(177,516)	-	114,468	
SD209	S00877	Torrey Pines Road Slope Reconstruction	(1,587)	290,884	-	(234,534)	-	54,763	
SD210	S00988	Five Points Neighborhood Pedestrian Impr	75,605	35,000	-	(91,604)	-	19,001	
SD226	S00870	Old Otay Road Westerly	(1,335,017)	4,658,698	-	(3,063,971)	-	259,710	
SD226	S00870	Old Otay Road Westerly (ARRA)	(51,380)	311,638	-	(239,090)	-	21,168	
		Total SD226 Projects	(1,386,397)	4,970,336	-	(3,303,061)	-	280,878	
SD235	S15023	Torrey Pine Road Improvement Phase 2	(125,058)	957,478	-	(724,115)	-	108,305	
SD237	S00951	Coastal Rail Trail	(77,729)	596,314	-	(347,928)	-	170,657	
SD245	S16061	Market St-47th St to Euclid Complete St	-	-	-	(570)	-	(570)	
SD248	S13018	Avenida de la Playa Infrastructure - SD	(232,526)	1,231,580	-	(799,054)	-	200,000	
SD249	S18000	Steamview Drive Phase 2	-	93,085	-	(73,420)	-	19,665	
		Subtotal Congestion Relief	(1,215,896)	23,994,707	-	(22,857,480)	30,063	(48,606)	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
		Congestion Relief balance carried forward	<u>\$ (1,215,896)</u>	<u>\$23,994,707</u>	<u>\$ -</u>	<u>\$ (22,857,480)</u>	<u>\$ 30,063</u>	<u>\$ (48,606)</u>	
SD252	S18001	University Ave Complete Street Phase 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,369)</u>	<u>-</u>	<u>(116,369)</u>	(i)
		Interest income - Congestion Relief 70%	<u>-</u>	<u>-</u>	<u>30,063</u>	<u>-</u>	<u>(30,063)</u>	<u>-</u>	(h)
		Total Congestion Relief	<u>(1,215,896)</u>	<u>24,062,307</u>	<u>30,063</u>	<u>(23,041,449)</u>	<u>-</u>	<u>(164,975)</u>	
		Maintenance:							
SD176	13000768	Maintenance	<u>8,651</u>	<u>9,672,307</u>	<u>12,884</u>	<u>(9,644,481)</u>	<u>-</u>	<u>49,361</u>	
		Total Maintenance	<u>8,651</u>	<u>9,672,307</u>	<u>12,884</u>	<u>(9,644,481)</u>	<u>-</u>	<u>49,361</u>	
		Total Local Street Improvements	<u>(1,207,245)</u>	<u>33,734,614</u>	<u>42,947</u>	<u>(32,685,930)</u>	<u>-</u>	<u>(115,614)</u>	
		Smart Growth:							
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	<u>(69,040)</u>	<u>75,574</u>	<u>-</u>	<u>(126,211)</u>	<u>-</u>	<u>(119,677)</u>	(l)
SD238	100453-2015	San Ysidro Port of Entry District	<u>(38,050)</u>	<u>51,615</u>	<u>-</u>	<u>(20,350)</u>	<u>-</u>	<u>(6,785)</u>	(l)
SD239	100450-2015	Grantville Trolley Station	<u>(116,905)</u>	<u>266,050</u>	<u>-</u>	<u>(149,145)</u>	<u>-</u>	<u>-</u>	(m)
SD240	5004721	6th Ave Bridge Promenade Feasibility and Conceptual Design	<u>(17,609)</u>	<u>24,884</u>	<u>-</u>	<u>(12,061)</u>	<u>-</u>	<u>(4,786)</u>	(l)
SD241	1000451-2015	Pacific Beach Green Park & Transit	<u>(22,716)</u>	<u>52,490</u>	<u>-</u>	<u>(41,038)</u>	<u>-</u>	<u>(11,264)</u>	(l)
SD242	1000452-2015	Kearny Mesa Smart Grough	<u>(48,403)</u>	<u>48,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(m)
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	<u>(12,100)</u>	<u>22,335</u>	<u>-</u>	<u>(26,827)</u>	<u>-</u>	<u>(16,592)</u>	(l)
		Total Smart Growth	<u>(324,823)</u>	<u>541,351</u>	<u>-</u>	<u>(375,632)</u>	<u>-</u>	<u>(159,104)</u>	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
Environmental Mitigation:									
VO8	1000123-2017	Bernardo Bay Cactus Wren	\$ (13,000)	\$ 26,363	\$ -	\$ (27,823)	\$ -	\$ (14,460)	(l)
VO8	1000476-2017	Vernal Pool Restoration	(35,534)	44,825	-	(14,463)	-	(5,172)	(l)
Total Environmental Mitigation			(48,534)	71,188	-	(42,286)	-	(19,632)	
Total <i>TransNet</i> Extension			\$ (1,307,859)	\$ 34,347,153	\$ 46,331	\$ (33,109,745)	\$ -	\$ (24,120)	
GASB 31 Market Value Adjustment			(12,740)	-	(17,440)	-	-	(30,180)	
Total <i>TransNet</i> Extension after GASB 31 Adjustment			\$ (1,320,599)	\$ 34,347,153	\$ 28,891	\$ (33,109,745)	\$ -	\$ (54,300)	
Total <i>TransNet</i> and <i>TransNet</i> Extension			\$ 2,943,822	\$ 34,347,153	\$ 72,326	\$ (33,890,261)	\$ (2,985,532)	\$ 487,508	
GASB 31 Market Value Adjustment			(16,732)	-	(15,091)	-	-	(31,823)	
Total <i>TransNet</i> and <i>TransNet</i> Extension after GASB 31 Adjustment			\$ 2,927,090	\$ 34,347,153	\$ 57,235	\$ (33,890,261)	\$ (2,985,532)	\$ 455,685	

CITY OF SAN DIEGO, CALIFORNIA
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
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Notes:

- (a) Unused funds returned to SANDAG in FY18.
- (b) Prior year expenditures were reclassified Grants in FY18.
- (c) Reallocation of revenue within the same MPO ID number.
- (d) Project is complete.
- (e) The following projects are inactive (estimated completion dates shown) SD86 (10/11/22), SD92 (12/31/19), SD141 (6/30/19), SD175 (5/1/20), SD226 (11/2/22).
- (f) Return Grant to SANDAG upon written request.
- (g) Rounding Correction.
- (h) City Council approval obtained for the transfer of funds per Resolution R-312507.
- (i) FY19 draws will provide coverage for MPO ID projects with negative balances as June 30, 2018.
- (j) Prior Year payroll correction.
- (k) Retention reversed in *TransNet* after being paid from another funding source.
- (l) Negative grant balances as of June 30, 2018 covered with Grant Reimbursements in FY19 or withheld retention to be released when the project is completed.
- (m) Grant completed.

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Major Corridor:						
SD108	S-00944	Bayshore Bikeway	\$ 3,774,000	\$ 263,644	\$ (3,767,414)	\$ 270,230
		Total Major Corridor	<u>3,774,000</u>	<u>263,644</u>	<u>(3,767,414)</u>	<u>270,230</u>
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SD16A	13001747	Regional Arterial Management Systems	<u>405,600</u>	<u>-</u>	<u>(405,600)</u>	<u>-</u>
		Total Congestion Relief - Pass-Through	<u>405,600</u>	<u>-</u>	<u>(405,600)</u>	<u>-</u>
Congestion Relief:						
SD09	AIK.00001	New Walkways (ARRA)	1,896,211	(8,383)	(1,846,908)	40,920
SD09	AIK.00001	New Walkways	<u>6,008,815</u>	<u>-</u>	<u>(5,823,224)</u>	<u>185,591</u>
		Total SD09 Projects	<u>7,905,026</u>	<u>(8,383)</u>	<u>(7,670,132)</u>	<u>226,511</u>
SD15	AIH.00001	Street Lights - Smart Growth Areas	<u>1,226,294</u>	<u>(4,702)</u>	<u>(1,001,592)</u>	<u>220,000</u>
SD16A	AIL.00002	Traffic Signal Interconnect Projects	1,367,276	(1,572)	(1,345,194)	20,510
SD16A	AIL.00004	Traffic Signals - Citywide	3,006,906	(4,826)	(2,831,217)	170,863
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization	4,792,318	(3,471)	(4,730,966)	57,881
SD16A	AIL.00005	Traffic Signals - Modifications/Modernization (ARRA)	<u>52,139</u>	<u>-</u>	<u>(36,100)</u>	<u>16,039</u>
		Total SD16A Projects	<u>9,218,639</u>	<u>(9,869)</u>	<u>(8,943,477)</u>	<u>265,293</u>
		Subtotal Congestion Relief	<u>18,349,959</u>	<u>(22,954)</u>	<u>(17,615,201)</u>	<u>711,804</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 18,349,959	\$ (22,954)	\$ (17,615,201)	\$ 711,804
SD18	AIL.00001	Traffic Control/Calming Measures - Smart Growth Areas	3,443,739	(2,224)	(3,365,450)	76,065
SD19	S00864	Streamview Drive	3,247,863	(2,862)	(3,245,001)	-
SD19	S00864	Streamview Drive (ARRA)	186,265	-	(186,265)	-
		Total SD19 Projects	3,434,128	(2,862)	(3,431,266)	-
SD23	ACA.00001	Drainage Projects	5,851,278	(1,690)	(5,911,119)	(61,531)
SD23	ACA.00001	Drainage Projects (ARRA)	1,327,717	-	(1,260,000)	67,717
		Total SD16A Projects	7,178,995	(1,690)	(7,171,119)	6,186
SD29	S00845	43rd Street Widening	2,574,998	-	(2,574,998)	-
SD34	S00856	El Camino Real Road and Bridge Widening	721,333	2,965	(577,426)	146,872
SD38	S00863	Georgia St Bridge & University Ave	2,062,656	916	(2,122,013)	(58,441)
SD49	AIG.00001	Median Installation	1,813,181	(4,375)	(1,782,306)	26,500
SD51	S00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	755,549	1,817	(699,705)	57,661
SD70	S00871	West Mission Bay Drive Bridge over San Diego River	1,089,307	(1,394)	(1,087,758)	155
		Subtotal Congestion Relief	41,423,845	(29,801)	(40,427,242)	966,802

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 41,423,845	\$ (29,801)	\$ (40,427,242)	\$ 966,802
SD83	S00851	State Route 163 and Friars Road, Phase I	<u>22,235,697</u>	<u>(27,402)</u>	<u>(26,035,381)</u>	<u>(3,827,086)</u>
SD86	S00605	Famosa Slough Salt Marsh Restoration	<u>116,970</u>	<u>483</u>	<u>(100,762)</u>	<u>16,691</u>
SD90	S00905	Clairemont Mesa/SR163	<u>8,323,823</u>	<u>(10,234)</u>	<u>(8,278,255)</u>	<u>35,334</u>
SD92	S00699 & S00700	Azalea Park Rdway Improvements and Neighborhood ID	<u>150,000</u>	<u>317</u>	<u>(134,045)</u>	<u>16,272</u>
SD96	AID.00005	Resurfacing of City Streets	13,864,806	-	(12,937,798)	927,008
SD96	AID.00005	Resurfacing of City Streets (ARRA)	<u>102,076</u>	<u>-</u>	<u>(49,144)</u>	<u>52,932</u>
		Total SD96 Projects	<u>13,966,882</u>	<u>-</u>	<u>(12,986,942)</u>	<u>979,940</u>
SD97	AIK.00002	School Traffic Safety Improvements	<u>982,315</u>	<u>(4,126)</u>	<u>(969,005)</u>	<u>9,184</u>
SD99	AIE.00001	Bridge Rehabilitation	<u>965,649</u>	<u>(492)</u>	<u>(1,146,903)</u>	<u>(181,746)</u>
SD102A	S11060	Otay Mesa Truck Route Phase 4	<u>1,283,235</u>	<u>-</u>	<u>(936,515)</u>	<u>346,720</u>
SD106	S00839	Mission Beach Boardwalk Bulkhead	<u>487,762</u>	<u>-</u>	<u>(487,762)</u>	<u>-</u>
		Subtotal Congestion Relief	<u>89,936,178</u>	<u>(71,255)</u>	<u>(91,502,812)</u>	<u>(1,637,889)</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 89,936,178	\$ (71,255)	\$ (91,502,812)	\$ (1,637,889)
SD108	S00944	Bayshore Bikeway	195,406	-	(179,134)	16,272
SD108	S00944	Bayshore Bikeway (ARRA)	145,649	-	(145,649)	-
		Total SD108 Projects	<u>341,055</u>	<u>-</u>	<u>(324,783)</u>	<u>16,272</u>
SD113	S00914	Sorrento valley Rd & I-5 Interchange	463,068	-	(463,068)	-
SD120	S00958	San Diego River Multi-Use Bicycle & Pedestrian Path	1,460,984	3,187	(1,464,171)	-
SD129	S00915	University Avenue Mobility Project	1,500,314	(1,380)	(1,440,198)	58,736
SD129	S00915	University Avenue Mobility Project (ARRA)	180,000	-	(180,000)	-
		Total SD129 Projects	<u>1,680,314</u>	<u>(1,380)</u>	<u>(1,620,198)</u>	<u>58,736</u>
SD137	S00913	Palm Avenue Roadway Improvements	4,283,564	(1,627)	(4,281,937)	-
SD141	S00939	Poway Road Bike Path	980,000	-	(977,788)	2,212
SD153	S00985	25th Street Renaissance Project	2,342,976	(1,201)	(2,341,775)	-
SD154	S00928	Home Avenue Street Improvements	390,000	-	(312,087)	77,913
SD156	S00922	34th & 35th at Madison Improvements	1,261,455	(1,241)	(1,260,214)	-
		Subtotal Congestion Relief	<u>103,139,594</u>	<u>(73,517)</u>	<u>(104,548,833)</u>	<u>(1,482,756)</u>

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 103,139,594	\$ (73,517)	\$ (104,548,833)	\$ (1,482,756)
SD157	S00921	Cherokee Street Improvements	1,900,005	(321)	(1,881,707)	17,977
SD162	S00673	Home Avenue Street Improvements	650,660	-	(541,351)	109,309
SD166	AIA.00001	Minor Bicycle Facilities	1,528,141	(171)	(1,342,340)	185,630
SD166	S00981	El Camino Real Road / SR-56 Bike Path Connector	10,000	-	(10,000)	-
SD166	S00955	Minor Bicycle Facilities	6,256	-	(6,256)	-
		Total SD166 Projects	1,544,397	(171)	(1,358,596)	185,630
SD175	S-00609	Talbot Street Slope Reconstruction	1,156,000	579	(1,082,619)	73,960
SD179	S-00907	Linda Vista Road and Genesee Avenue	917,884	(483)	(917,313)	88
SD186	21002143	Administrative Expenses - Comptrollers	805,322	2,320	(810,651)	(3,009)
SD186	21002273	Administrative Expenses - Engineering	1,677,387	431	(1,687,532)	(9,714)
		Total SD186 Projects	2,482,709	2,751	(2,498,183)	(12,723)
SD188	various	Congestion Relief /Traffic Signal Operations	19,017,686	39,944	(19,055,188)	2,442
SD200	S14009	SR56 / Euclid Avenue Interchange Improv	712,833	-	(622,533)	90,300
		Subtotal Congestion Relief	131,521,768	(31,218)	(132,506,323)	(1,015,773)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
		Congestion Relief balance carried forward	\$ 131,521,768	\$ (31,218)	\$ (132,506,323)	\$ (1,015,773)
SD208	S00602	Juan Street - Concrete Street	2,133,137	-	(2,018,669)	114,468
SD209	S00877	Torrey Pines Road Slope Reconstruction	694,082	-	(639,319)	54,763
SD210	S00988	Five Points Neighborhood Pedestrian Impr	722,564	-	(703,563)	19,001
SD226	S00870	Old Otay Mesa Road - Westerly	6,942,202	-	(6,682,492)	259,710
SD226	S00870	Old Otay Mesa Road - Westerly (ARRA)	634,461	-	(613,293)	21,168
		Total SD226 Projects	7,576,663	-	(7,295,785)	280,878
SD235	S15023	Torrey Pine Road Improvement Phase 2	1,074,859	-	(966,554)	108,305
SD237	S00951	Coastal Rail Trail	867,646	-	(696,989)	170,657
SD245	S16061	Market St-47th St to Euclid Complete St	-	-	(570)	(570)
SD248	S13018	Avenida de la Playa Infrastructure - SD	5,619,022	-	(5,419,022)	200,000
SD249	S18000	Steamview Drive Phase 2	93,085	-	(73,420)	19,665
SD252	S18001	University Ave Complete Street Phase 1	-	-	(116,369)	(116,369)
		Total Congestion Relief	150,272,763	(1,155)	(150,436,583)	(164,975)

CITY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Maintenance:						
SD176	13000768	Maintenance	\$ 83,828,949	\$ (36,921)	\$ (83,742,667)	\$ 49,361
		Total Maintenance	83,828,949	(36,921)	(83,742,667)	49,361
		Total Local Street Improvements	234,507,312	(38,076)	(234,584,850)	(115,614)
Smart Growth:						
SD227	1000401-2013	Morena Blvd Stn Study Ph 2	280,324	-	(400,001)	(119,677)
SD238	100453-2015	San Ysidro Port of Entry District	61,065	-	(67,850)	(6,785)
SD239	100450-2015	Grantville Trolley Station	400,000	-	(400,000)	-
SD240	5004721	6th Ave Bridge Promenade Feasibility and Conceptual Design	32,546	-	(37,332)	(4,786)
SD241	1000451-2015	Pacific Beach Green Park & Transit	87,291	-	(98,555)	(11,264)
SD242	1000452-2015	Kearny Mesa Smart Grough	105,000	-	(105,000)	-
SD243	5004750	14th St Pedestrian Promenade Demonstration Block	131,234	-	(147,826)	(16,592)
		Total Smart Growth	1,097,460	-	(1,256,564)	(159,104)
Environmental Mitigation:						
V08	1000123-2017	Bernardo Bay Cactus Wren	26,363	-	(40,823)	(14,460)
V08	1000476-2017	Vernal Pool Restoration	44,825	-	(49,997)	(5,172)
		Total Environmental Mitigation	71,188	-	(90,820)	(19,632)
		Subtotal Cumulative <i>TransNet</i> Extension	239,449,960	225,568	(239,699,648)	(24,120)
Completed Projects:						
		LSI-Congestion Relief	34,645,956	77	(34,646,033)	-
		LSI-Maintenance	6,050,400	-	(6,050,400)	-
		Bikes and Pedestrian	1,543,659	-	(1,543,659)	-
		Smart Growth	3,688,545	-	(3,688,545)	-
		Environmental Mitigation	62,454	-	(62,454)	-
		Total Completed Projects	45,991,014	77	(45,991,091)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 285,440,974	\$ 225,645	\$ (285,690,739)	\$ (24,120)

CITY OF SAN DIEGO, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed at June 30, 2018	Cumulative Status		Note
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2011	June 30, 2018	Various	\$ 1,189,183	\$ 36,243	\$ (1,225,426)	\$ -	\$ -	\$ -		
For Fiscal Year ended June 30, 2012	June 30, 2019	Various	2,403,483	47,258	(2,450,741)	-	-	-		
For Fiscal Year ended June 30, 2013	June 30, 2020	Various	3,422,066	38,688	(3,460,754)	-	-	-		
For Fiscal Year ended June 30, 2014	June 30, 2021	Various	3,766,865	58,628	(3,825,493)	-	-	-		
For Fiscal Year ended June 30, 2015	June 30, 2022	Various	4,291,606	48,891	(4,340,497)	-	-	-	4,001,528	
For Fiscal Year ended June 30, 2016	June 30, 2023	Various	8,067,505	59,151	(237,911)	-	(7,888,745)	7,888,745	8,126,656	
For Fiscal Year ended June 30, 2017	June 30, 2024	Various	6,897,302	-	-	(112,345)	(6,784,957)	6,784,957	6,897,302 (a)	
For Fiscal Year ended June 30, 2018	June 30, 2025	Various	6,311,935	-	-	-	(6,311,935)	6,311,935	-	
Interest Income			-	546,716	-	-	-	546,716	294,381	
Total RTCIP Funds			<u>\$ 36,349,945</u>	<u>\$ 835,575</u>	<u>\$ (15,540,822)</u>	<u>\$ (112,345)</u>	<u>\$ (20,985,637)</u>	<u>\$ 21,532,353</u>	<u>\$ 19,319,867</u>	

Notes:

(a) Interest revenue was overstated in FY17 by \$112,345.

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of San Marcos, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: This procedure is not applicable as the City did not allocate interest on Schedule A due to a negative fund balance.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$1,314,335. We selected \$337,725 (25.70%) 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. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to

another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$2,229,867
Less: debt service payment	<u>(648,079)</u>
Net estimated apportionment 30% base	1,581,788 <u>30%</u>
Fiscal year 2018 30% threshold	<u>474,536</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(154,221)
Maintenance fund balance	<u>22,226</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(131,995)</u>
Fund balance under apportionment	<u>\$606,531</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$(154,221)	\$6,432,731	\$6,278,510
Maintenance	<u>22,226</u>	<u>2,325,920</u>	<u>2,348,146</u>
Totals	<u>\$(131,995)</u>	<u>\$8,758,651</u>	<u>\$8,626,656</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The City has expended 10.36% of cumulative local street and road revenue for maintenance as indicated below:

	City	SANDAG	Total
Congestion relief	\$23,415,406	\$6,095,442	\$29,510,848
Maintenance	3,723,704	2,189,960	5,913,664
Interest	<u>36,264</u>	<u>473,249</u>	<u>509,513</u>
Total local street and road revenue	<u>\$27,175,374</u>	<u>\$8,758,651</u>	<u>\$35,934,025</u>

30% of total local street and road revenue	\$10,780,208
Less maintenance expenditures incurred to date	<u>3,723,704</u>
Available maintenance funds	\$ <u>7,056,504</u>
Cumulative percentage expended for maintenance	<u>10.36%</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, 2017	Additions	Principal Payments	Principal Adjustments	Balance June 30, 2018	Interest Payments
2010 Series A Bonds	\$15,439,627	\$ -	\$ -	\$ -	\$15,439,627	\$598,117
2014 Bonds	1,025,000	-	-	-	1,025,000	49,962

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 2021, 2022 and 2023 audits.

a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
- 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE base period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	Growth Rate
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.

- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$70,605,896</u>	<u>\$64,946,068</u>	<u>1.09</u>

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and selected the lowest rate.

Results: The lowest growth rate is 1.09.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$4,489,387
Growth Rate	<u>1.09</u>
Adjusted MOE base as of June 30, 2018	<u>\$4,893,432</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.
- c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller’s Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller’s Office; or

- ii. We obtained notice from the State Controller’s Office that the changes will be included in the subsequent year’s Annual Street Report;
- iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
- e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$4,197,158
Less MOE base year requirement	<u>(4,489,387)</u>
Excess (shortfall) MOE for the year ended June 30, 2018	<u>\$(292,229)</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as there were no RTCIP expenditures incurred for the fiscal year ended June 30, 2018.
- v. 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 incurred for the fiscal year ended June 30, 2018.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.
- vii. We 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.
- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure

that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 5, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

CITY OF SAN MARCOS, CALIFORNIA

Report on Agreed-Upon Procedures Applied to the *TransNet* Fund

Findings and Recommendations

Year Ended June 30, 2018

(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	\$4,197,158
Less MOE base year requirement	<u>(4,489,387)</u>
Excess (shortfall) MOE for the year ended June 30, 2018	<u>\$(292,229)</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 deficit occurred due to unexpected delays to a maintenance project start date. The City budgeted sufficient discretionary funds to meet its MOE requirements for FY2017-18, but a large sum of discretionary funds were not disbursed before the end of the fiscal year as a result of this delay. The project is now anticipated to be completed within the next six months. Additionally, the City is committed to completing this project and other street maintenance related projects within the required timeframe to meet the MOE requirement moving forward.

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, 2021. This request was formally made on January 16, 2019. The request was approved on the following dates:

Independent Taxpayer Oversight Committee March 13, 2019
SANDAG Transportation Committee March 15, 2019
SANDAG Board of Directors March 22, 2019

GLOSSARY OF TERMS

“**Annual Street Report**” means the State of California Annual Street Report.

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**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, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
SM54	N/A	Regional Arterial Management Systems	\$ -	\$ 10,800	\$ -	\$ (10,800)	\$ -	\$ -	
Total Congestion Relief - Pass-Through			-	10,800	-	(10,800)	-	-	
Congestion Relief:									
SM22	88179	South Santa Fe from Bosstick to Smilax	(60,231)	39,236	-	(36,038)	-	(57,033)	(a)
SM31	88265	Discovery Street Improvements	(192,195)	248,071	-	(273,543)	-	(217,667)	(a)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	(113,721)	109,859	-	(19,586)	-	(23,448)	(a)
SM48	88505	SM Creek Specific Plan	(654,103)	913,891	-	(173,411)	-	86,377	
SM56	88263	Bent Ave Bridge and Street Improvement	(41,846)	39,483	-	(52,369)	-	(54,732)	(a)
SM59	86009	Annual Street Overlay Project	98,901	-	-	(509)	-	98,392	
		2010 Series A Bonds Debt Service	-	598,117	-	(598,117)	-	-	
		2014 Bonds	-	49,962	-	(49,962)	-	-	
Subtotal Congestion Relief			(963,195)	1,998,619	-	(1,203,535)	-	(168,111)	
Interest Income			13,890	-	-	-	-	13,890	
Total Congestion Relief			(949,305)	1,998,619	-	(1,203,535)	-	(154,221)	
Maintenance:									
SM60	86008	Annual Surface Seal Project - 2017	-	100,000	-	(100,000)	-	-	(b)
Subtotal Maintenance			-	100,000	-	(100,000)	-	-	
Interest Income			22,226	-	-	-	-	22,226	
Total Maintenance			22,226	100,000	-	(100,000)	-	22,226	
Total Local Street Improvements			\$ (927,079)	\$ 2,109,419	\$ -	\$ (1,314,335)	\$ -	\$ (131,995)	

CITY OF SAN MARCOS, CALIFORNIA
TransNet and TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2017</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2018</u>	<u>Notes</u>
		Senior Mini-Grant							
SM57		On the Move Transportation Program	\$ (9,414)	\$ -	\$ -	\$ -	\$ 9,414	\$ -	(b)(c)
		Total Senior Mini-Grant	(9,414)	-	-	-	9,414	-	
		Total <i>TransNet</i> Extension	\$ (936,493)	\$ 2,109,419	\$ -	\$ (1,314,335)	\$ 9,414	\$ (131,995)	

- Notes:
- (a) The City will drawdown funds in FY19 to remove the deficit.
 - (b) Project is complete.
 - (c) The City covered the deficit on this completed project using the General Fund.

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SM54	N/A	Regional Arterial Management Systems	\$ 54,000	\$ -	\$ (54,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>54,000</u>	<u>-</u>	<u>(54,000)</u>	<u>-</u>
Congestion Relief:						
SM22	88179	South Santa Fe from Bosstick to Smilax	39,236	-	(96,269)	(57,033)
SM31	88265	Discovery Street Improvements	2,245,719	-	(2,463,386)	(217,667)
SM32	88264	Via Vera Cruz Bridge and Street Improvement	270,345	-	(293,793)	(23,448)
SM48	88505	SM Creek Specific Plan	2,771,657	-	(2,685,280)	86,377
SM56	88263	Bent Ave Bridge and Street Improvement	165,748	-	(220,480)	(54,732)
SM59	86009	Annual Street Overlay Project	99,333	-	(941)	98,392
		2010 Series A Bonds Debt Service	4,512,157	-	(4,512,157)	-
		2014 Bonds	<u>178,697</u>	<u>-</u>	<u>(178,697)</u>	<u>-</u>
		Subtotal Congestion Relief	10,282,892	-	(10,451,003)	(168,111)
		Interest Income	<u>-</u>	<u>13,890</u>	<u>-</u>	<u>13,890</u>
		Total Congestion Relief	<u>10,282,892</u>	<u>13,890</u>	<u>(10,451,003)</u>	<u>(154,221)</u>
Maintenance:						
SM60	86008	Annual Surface Seal Project - 2017	100,000	-	(100,000)	-
		Interest Income	<u>-</u>	<u>22,226</u>	<u>-</u>	<u>22,226</u>
		Total Maintenance	<u>100,000</u>	<u>22,226</u>	<u>(100,000)</u>	<u>22,226</u>
		Total Local Street Improvements	<u>10,436,892</u>	<u>36,116</u>	<u>(10,605,003)</u>	<u>(131,995)</u>

CITY OF SAN MARCOS, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<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, 2018</u>
SM57	N/A	Senior Mini-Grant				
		On the Move Transportation Program	\$ 34,992	\$ -	\$ (34,992)	\$ -
		Total Senior Mini-Grant	<u>34,992</u>	<u>-</u>	<u>(34,992)</u>	<u>-</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>10,471,884</u>	<u>36,116</u>	<u>(10,639,995)</u>	<u>(131,995)</u>
		Completed projects:				
		Congestion Relief	13,078,514	148	(13,078,662)	-
		Maintenance	3,623,704	-	(3,623,704)	-
		Bikes and Pedestrian	948,941	1,668	(950,609)	-
		Smart Growth	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>
		Total Completed Projects	<u>18,651,159</u>	<u>1,816</u>	<u>(18,652,975)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 29,123,043</u>	<u>\$ 37,932</u>	<u>\$ (29,292,970)</u>	<u>\$ (131,995)</u>

CITY OF SAN MARCOS, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2009	June 30, 2016	SM31	\$ 14,000	\$ 1,011	\$ -	\$ -	\$ (15,011)	\$ 15,011	\$ 15,011
For Fiscal Year ended June 30, 2010	June 30, 2017	SM31	2,040	127	-	-	(2,167)	2,167	2,167
For Fiscal Year ended June 30, 2011	June 30, 2018	SM31	93,760	3,919	-	-	(97,679)	97,679	97,679
For Fiscal Year ended June 30, 2012	June 30, 2019	SM31	82,797	2,672	-	-	(85,469)	85,469	85,469
For Fiscal Year ended June 30, 2013	June 30, 2020	SM31	1,155,830	15,387	-	-	(1,171,217)	1,171,217	1,171,217
For Fiscal Year ended June 30, 2014	June 30, 2021	SM31	11,045	140	-	-	(11,185)	11,185	11,185
For Fiscal Year ended June 30, 2015	June 30, 2022	SM31	166,795	991	-	-	(167,786)	167,786	167,786
For Fiscal Year ended June 30, 2016	June 30, 2023	SM31	364,168	-	-	-	(231,786)	364,168	364,168
For Fiscal Year ended June 30, 2017	June 30, 2024		874,955	-	-	-	-	874,955	874,955
For Fiscal Year ended June 30, 2018	June 30, 2025		1,345,318	-	-	-	-	1,345,318	-
Interest Income			-	96,456	-	-	-	96,456	40,288
Total RTCIP Funds			<u>\$ 4,110,708</u>	<u>\$ 120,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,782,300)</u>	<u>\$ 2,449,111</u>	<u>\$ 1,047,625</u>

CITY OF SANTEE, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Santee, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$2,220,822. We selected \$903,099 (40.67%) 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. 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, 2018. The City charges indirect costs at the rate of 22.60% of direct salary and benefit costs associated with each project. The City allocated a total of \$14,697 in indirect costs to the *TransNet* program, resulting in 0.66% of indirect costs compared to total *TransNet* expenditures. The City's indirect cost plan is reviewed internally and updated annually. The City's indirect cost plan has not been reviewed

by a federal or state agency or audited by an independent certified public accounting firm. The City'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 between different MPO ID's.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$1,456,836
Less: debt service payment	<u>(955,213)</u>
Net estimated apportionment	501,623
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>150,487</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(41,179)
Maintenance fund balance	<u>(44,826)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(86,005)</u>
Fund balance under apportionment	\$ <u>236,492</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (41,179)	\$(1,015,993)	\$(1,057,172)
Maintenance	<u>(44,826)</u>	<u>1,064,606</u>	<u>1,019,780</u>
Totals	\$ <u>(86,005)</u>	\$ <u>48,613</u>	\$ <u>(37,392)</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 11.18% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>City</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$24,810,444	\$ (1,136,274)	\$23,673,870
Maintenance	3,077,272	1,026,705	4,103,977
Interest	<u>2,624</u>	<u>158,182</u>	<u>162,644</u>
 Total local street and road revenue	 <u>\$27,890,340</u>	 <u>\$ 48,613</u>	 <u>\$27,938,953</u>
 30% of total local street and road revenue			 \$ 8,381,686
Less maintenance expenditures incurred to date			<u>(3,123,320)</u>
 Available maintenance funds			 <u>\$ 5,258,366</u>
 Cumulative percentage expended for maintenance			 <u>11.18%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: Results are as follows as of June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Interest</u> <u>Payments</u>
2010 Series B	\$5,773,871	\$ -	\$352,511	\$5,421,360	\$233,555
2014 Bonds	4,153,750	-	165,424	3,988,326	203,723

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	Growth Rate
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	Growth Rate
General Fund revenues as of June 30, 2018 divided by General Fund revenues as of June 30, 2015	<u>\$42,775,163</u>	<u>\$36,761,648</u>	<u>1.16</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 select the lowest rate.

Results: The lowest growth rate is 1.16.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$567,501
Growth Rate	<u>1.16</u>
Adjusted MOE base as of June 30, 2018	<u>\$658,301</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$734,552
Less MOE base year requirement	<u>(567,501)</u>
Excess MOE for the year ended June 30, 2018	<u>\$167,051</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. 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 \$405,410. We selected \$111,236 (27.44%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on November 13, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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, 2018

MPO ID	CIP Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	City Adjustments	Project Status June 30, 2018	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	2016-02	Citywide Pavement Repair & Rehab 2016	187	-	-	-	(187)	-	(a)
SNT04	2017-05	Citywide Pavement Repair & Rehab 2017	(2,007)	798,852	-	(824,635)	187	(27,603)	(b)
SNT04	2018-15	Citywide Pavement Repair & Rehab 2018	-	-	-	(13,576)	-	(13,576)	(b)
		Subtotal SNT04	(1,820)	798,852	-	(838,211)	-	(41,179)	
SNT27	2016-06	Pavement Condition Survey and Report	(4,000)	4,000	-	-	-	-	
		2010 Series B Bonds Debt Service	-	586,066	-	(586,066)	-	-	
		2014 Bonds Debt Service	-	369,147	-	(369,147)	-	-	
		Total Congestion Relief	(5,820)	1,758,065	-	(1,793,424)	-	(41,179)	
Maintenance:									
SNT22	2017-04	Citywide Crack Sealing Project 2017	171	-	-	(171)	-	-	(a)
SNT22	2017-06	Citywide Slurry Seal & Roadway Maintenance 2017	103,946	230,258	155	(334,359)	-	-	(a)
SNT22	2018-07	Citywide Pavement Roadway Maintenance	-	40,642	-	(71,029)	-	(30,387)	(b)
SNT22	2018-14	Citywide Crack Sealing Project 2018	-	-	-	(14,439)	-	(14,439)	(b)
		Total Maintenance	104,117	270,900	155	(419,998)	-	(44,826)	
		Total Local Street Improvements	98,297	2,036,365	155	(2,220,822)	-	(86,005)	
		Total <i>TransNet</i> Extension	98,297	2,036,365	155	(2,220,822)	-	(86,005)	
		GASB 31 Market Value Adjustment	16	-	(16)	-	-	-	
		Total <i>TransNet</i> Extension after GASB 31 Adjustment	\$ 98,313	\$ 2,036,365	\$ 139	\$ (2,220,822)	\$ -	\$ (86,005)	

Notes:

- (a) Project is complete.
- (b) The City will draw down funds during FY19.

SCHEDULE B

CITY OF SANTEE, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

<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, 2018</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass Through:						
SNT20		Regional Arterial Management Systems	\$ 44,400	\$ -	\$ (44,400)	\$ -
		Total Congestion Relief - Pass Through	<u>44,400</u>	<u>-</u>	<u>(44,400)</u>	<u>-</u>
Congestion Relief:						
SNT04	2016-02	Citywide Pavement Repair & Rehab 2016	1,764,530	-	(1,764,530)	-
SNT04	2017-05	Citywide Pavement Repair & Rehab 2017	810,877	-	(838,480)	(27,603)
SNT04	2018-15	Citywide Pavement Repair & Rehab 2018	<u>-</u>	<u>-</u>	<u>(13,576)</u>	<u>(13,576)</u>
		Subtotal SNT04	2,575,407	-	(2,616,586)	(41,179)
SNT27	2016-06	Pavement Condition Survey and Report	70,000	-	(70,000)	-
		2010 Series B Bonds Debt Service	4,708,522	-	(4,708,522)	-
		2014 Bonds Debt Service	<u>1,310,989</u>	<u>-</u>	<u>(1,310,989)</u>	<u>-</u>
		Total Congestion Relief	<u>8,664,918</u>	<u>-</u>	<u>(8,706,097)</u>	<u>(41,179)</u>
Maintenance:						
SNT22	2017-04	Citywide Crack Sealing 2017	25,567	-	(25,567)	-
SNT22	2017-06	Citywide Slurry Seal & Roadway Maint. 2017	347,596	292	(347,888)	-
SNT22	2018-07	Citywide Pavement Roadway Maintenance	40,642	-	(71,029)	(30,387)
SNT22	2018-14	Citywide Crack Sealing Project 2018	<u>-</u>	<u>-</u>	<u>(14,439)</u>	<u>(14,439)</u>
		Total Maintenance	<u>413,805</u>	<u>292</u>	<u>(458,923)</u>	<u>(44,826)</u>
		Total Local Street Improvements	<u>9,123,123</u>	<u>292</u>	<u>(9,209,420)</u>	<u>(86,005)</u>
Completed Projects						
		LSI - Congestion Relief	16,101,126	1,402	(16,102,528)	-
		LSI - Maintenance	2,663,467	930	(2,664,397)	-
		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>23,167,408</u>	<u>2,332</u>	<u>(23,169,740)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 32,290,531</u>	<u>\$ 2,624</u>	<u>\$ (32,379,160)</u>	<u>\$ (86,005)</u>

SCHEDULE C

CITY OF SANTEE, CALIFORNIA

TransNet Extension Activities
 RTCIP Fund
 Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds Committed at June 30, 2018	Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017
For Fiscal Year ended June 30, 2011	June 30, 2018	SNT23	\$ 124,860	\$ 3,561	\$ (128,421)	\$ -	\$ -	\$ -	\$ -
For Fiscal Year ended June 30, 2012	June 30, 2019	SNT23	173,607	4,943	(178,550)	-	-	-	-
For Fiscal Year ended June 30, 2013	June 30, 2020	SNT23	204,965	5,840	(210,805)	-	-	-	-
For Fiscal Year ended June 30, 2014	June 30, 2021	SNT23, SNT26	384,278	4,318	(388,596)	-	-	-	75,200
For Fiscal Year ended June 30, 2015	June 30, 2022		106,441	637	(107,078)	-	-	-	107,078
For Fiscal Year ended June 30, 2016	June 30, 2023		275,865	-	(223,132)	-	-	52,733	275,865
For Fiscal Year ended June 30, 2017	June 30, 2024		228,629	-	-	-	-	228,629	228,629
For Fiscal Year ended June 30, 2018	June 30, 2025		1,079,459	-	-	-	-	1,079,459	-
Interest Income			-	18,792	-	-	-	18,792	11,743
Total RTCIP Funds			\$ 2,578,104	\$ 38,091	\$ (1,236,582)	\$ -	\$ -	\$ 1,379,613	\$ 698,515

CITY OF SOLANA BEACH, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Solana Beach, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$652,501. We selected \$163,407 (25.04%) 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% 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 based upon 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: This procedure is not applicable as there were no indirect costs allocated to projects included in the RTIP.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or

expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: No exceptions were noted as a result of our procedures.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: No exceptions were noted as a result of our procedures.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to

another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$439,657
Less: debt service payment	<u>(217,267)</u>
Net estimated apportionment	222,390
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>66,717</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	(99,656)
Maintenance fund balance	<u>(2,420)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>(102,076)</u>
Fund balance under apportionment	\$ <u>168,793</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$ (99,656)	\$ (511,680)	\$ (611,336)
Maintenance	<u>(2,420)</u>	<u>1,089,528</u>	<u>1,087,108</u>
Totals	\$ <u>(102,076)</u>	\$ <u>577,848</u>	\$ <u>475,772</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 2.40% of cumulative local street and road revenue for maintenance as indicated on the following page:

	City	SANDAG	Total
Congestion relief	\$9,171,277	\$ (575,218)	\$8,596,059
Maintenance	237,167	1,065,938	1,303,105
Interest	<u>4,279</u>	<u>87,128</u>	<u>91,407</u>
Total local street and road revenue	\$ <u>9,412,723</u>	\$ <u>577,848</u>	\$ <u>9,990,571</u>

30% of total local street and road revenue	\$ 2,997,171
Less maintenance expenditures incurred to date	<u>(239,587)</u>
Available maintenance funds	<u>\$ 2,757,584</u>
Cumulative percentage expended for maintenance	<u>2.40%</u>

11. If applicable, we compared long-term debt information reported on Schedule A to the schedule of long-term debt for each recipient agency provided by SANDAG staff.

Results: The results are summarized below:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Interest</u> <u>Payments</u>
2010 Series A Bonds	\$5,499,999	\$ -	\$ -	\$5,499,999	\$217,267

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth</u> <u>Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General Fund revenues as of June 30, 2018 divided by General Fund revenues as of June 30, 2015	<u>\$18,431,516</u>	<u>\$15,702,820</u>	<u>1.17</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 select the lowest rate.

Results: The lowest growth rate is 1.17.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$457,765
Growth Rate	<u>1.17</u>
Adjusted MOE base as of June 30, 2018	<u>\$535,585</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.

- c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
- d. 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.
- e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$1,340,586
Less MOE base year requirement	<u>(457,765)</u>
Excess MOE for the year ended June 30, 2018	\$ <u>882,821</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. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: This procedure is not applicable as the City did not have any RTCIP expenditures for the fiscal year ended June 30, 2018.
- v. 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 the City did not have any RTCIP expenditures for the fiscal year ended June 30, 2018.
- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur RTCIP expenditures for the fiscal year ended June 30, 2018.
- vii. 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 31, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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, 2018

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2017</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>City Adjustments</u>	<u>Project Status June 30, 2018</u>	<u>Notes</u>
TransNet Extension:									
Local Street Improvements:									
Congestion Relief:									
SB16	9362.17	Annual Pavement Management	\$ 46,625	\$ -	\$ -	\$ (150,138)	\$ -	\$ (103,513)	(a)
SB17	9327	Stevens/Valley Corridor Bicycle Improvements	(40,754)	244,250	-	(209,746)	6,250	-	(b)
		2010 Series A Bonds	-	217,267	-	(217,267)	-	-	
		Interest Income	3,857	-	-	-	-	3,857	
		Total Congestion Relief	9,728	461,517	-	(577,151)	6,250	(99,656)	
Maintenance:									
SB18		Pavement Maintenance	-	79,180	-	(75,350)	(6,250)	(2,420)	(a)(b)
		Total Maintenance	-	79,180	-	(75,350)	(6,250)	(2,420)	
		Total Local Street Improvements	9,728	540,697	-	(652,501)	-	(102,076)	
		Total TransNet Extension	9,728	540,697	-	(652,501)	-	(102,076)	
		GASB 31 Fair Market Value Adjustment	(35)	-	-	-	35	-	(c)
		Total TransNet Extension after GASB 31 Adjustment	\$ 9,693	\$ 540,697	\$ -	\$ (652,501)	\$ 35	\$ (102,076)	

Notes:

- (a) To clear the deficit balance, the City will request a draw down next fiscal year.
- (b) Adjustment was made between SB17 and SB18 to reconcile the \$250,500 programmed and received in the RTIP for SB17. This will go to Council on 2/27/19 via Resolution # 2019-021.
- (c) Adjustment was made to true-up the GASB 31 fair market value adjustment per the City's financial records.

CITY OF SOLANA BEACH, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief:						
SB16	9362.17	Annual Pavement Management	\$ 314,809	-	\$ (418,322)	(103,513)
SB17	9327	Stevens/Valley Corridor Bicycle Improvements	250,500	-	(250,500)	-
		2010 Series A Bonds	1,711,792	-	(1,711,792)	-
		Interest Income	-	3,857	-	3,857
		Total Congestion Relief	2,277,101	3,857	(2,380,614)	(99,656)
Maintenance:						
SB18		Pavement Maintenance	72,930	-	(75,350)	(2,420)
		Total Maintenance	72,930	-	(75,350)	(2,420)
		Total Local Street Improvements	2,350,031	3,857	(2,455,964)	(102,076)
		Subtotal Cumulative <i>TransNet</i> Extension	2,350,031	3,857	(2,455,964)	(102,076)
Completed Projects						
		LSI - Congestion Relief	6,894,176	422	(6,894,598)	-
		LSI - Maintenance	164,237	-	(164,237)	-
		Bikes and Pedestrian	135,986	-	(135,986)	-
		Total Completed Projects	7,194,399	422	(7,194,821)	-
		Total Cumulative <i>TransNet</i> Extension	\$ 9,544,430	\$ 4,279	\$ (9,650,785)	\$ (102,076)

CITY OF SOLANA BEACH CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative					Cumulative Status	
			Funds Received	Interest Income	Project Expenditures	City Adjustments	Funds Committed at June 30, 2018	June 30, 2018	June 30, 2017
Year ended June 30, 2011	June 30, 2018	SB16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2012	June 30, 2019	SB16	3,623	-	(3,623)	-	-	-	-
Year ended June 30, 2013	June 30, 2020	SB16	3,623	-	(3,623)	-	-	-	-
Year ended June 30, 2014	June 30, 2021	SB16	3,623	-	(3,623)	-	-	-	-
Year ended June 30, 2015	June 30, 2022	SB16	13,768	-	(13,768)	-	-	-	-
Year ended June 30, 2016	June 30, 2023	SB16	19,566	-	(18,812)	-	-	754	754
Year ended June 30, 2017	June 30, 2024	SB16	29,714	-	-	-	-	29,714	29,714
Year ended June 30, 2018	June 30, 2025	SB16	36,233	-	-	-	-	36,233	-
Interest Income			-	39	-	-	-	39	-
Total RTCIP Funds			<u>\$ 110,150</u>	<u>\$ 39</u>	<u>\$ (43,449)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,740</u>	<u>\$ 30,468</u>

CITY OF VISTA, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the City of Vista, California (City), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.

a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

e. We identified the interest income reported for the fiscal year.

i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

f. We identified the total *TransNet* expenditures for the fiscal year.

i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The City recorded total *TransNet* expenditures in the amount of \$2,454,592. We selected \$808,534 (32.94%) 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. 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, 2018.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects with no activity over the past two years.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We determined whether the recipient agency reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as the City 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 fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The City is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$2,293,697
Less: debt service payment	<u> -</u>
Net estimated apportionment	2,293,697
30% base	<u> 30%</u>
Fiscal year 2018 30% threshold	<u>688,109</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	452,906
Maintenance fund balance	<u>(14,534)</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>438,372</u>
Fund balance under apportionment	<u>\$249,737</u>

9. We reported the ending balance from Schedule A, of Local Street Improvements (LSI) and Congestion Relief and Maintenance. We reported the ending balances of Congestion Relief and Maintenance from the SANDAG FY 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by City	Funds Held by SANDAG	Total
Congestion Relief	\$452,906	\$ (35,302)	\$ 417,604
Maintenance	<u>(14,534)</u>	<u>1,732,524</u>	<u>1,717,990</u>
Totals	<u>\$438,372</u>	<u>\$1,697,222</u>	<u>\$2,135,594</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 19.42% 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	\$17,836,644	\$ (248,886)	\$17,587,758
Maintenance	4,681,149	1,622,596	6,303,745
Interest	<u>(33,550)</u>	<u>323,512</u>	<u>289,962</u>
 Total local street and road revenue	 <u>\$22,484,243</u>	 <u>\$1,697,222</u>	 <u>\$24,181,465</u>
 30% of total local street and road revenue			 \$7,254,440
Less maintenance expenditures incurred to date			<u>(4,695,855)</u>
 Available maintenance funds			 <u>\$ 2,558,858</u>
 Cumulative percentage expended for maintenance			 <u>19.42%</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: This procedure is not applicable as there are no commercial paper and bonds outstanding as of June 30, 2018.

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: The growth rate is calculated as follows:

	<u>2018</u>	<u>2015</u>	<u>Growth Rate</u>
Index as of June 30, 2018 divided by Index as of June 30, 2015	<u>146.60</u>	<u>109.91</u>	<u>1.33</u>

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
- i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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>2018</u>	<u>2015</u>	<u>Growth Rate</u>
General fund revenues as of June 30, 2018, divided by General Fund revenues as of June 30, 2015	<u>\$81,453,030</u>	<u>\$72,547,414</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 select the lowest rate.

Results: The lowest growth rate is 1.12

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

Results: The adjusted MOE is calculated as follows:

Previously approved MOE base	\$2,413,718
Growth Rate	<u>1.12</u>
Adjusted MOE base as of June 30, 2018	<u>\$2,703,364</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.
 - c. If an error to the Annual Street Report is reported by the recipient agency subsequent to submission of the Report to the State Controller's Office, we performed additional steps as follows:
 - i. We obtained an updated Annual Street Report, as submitted to the State Controller's Office; or
 - ii. We obtained notice from the State Controller's Office that the changes will be included in the subsequent year's Annual Street Report;
 - iii. We included adjusted amount to AUP 13.c. and provided a brief explanation of adjustments in Results.
 - d. 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.
 - e. 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, 2018, is summarized as follows:

Current year local discretionary expenditures	\$5,502,250
Less MOE base year requirement	<u>(2,413,718)</u>
Excess MOE for the year ended June 30, 2018	<u>\$3,088,532</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. 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 \$376,894. We selected \$119,096 (31.60%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the City did not incur expenditures for fund administration.

- vii. We 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the City did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The City provided RTCIP documentation to us for review on October 24, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

- 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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, 2018

Project		Project Status	Funds	Interest	Project	City	Project Status		
MPO ID	Number	Project Name	July 1, 2017	Received	Income	Expenditures	Adjustments	June 30, 2018	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	(28,113)	1,023,124	-	(1,268,892)	-	(273,881)	(a)(b)
VISTA 49	8252	Olive Ave Overpass Study	40	-	-	-	-	40	(b)
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	(16,335)	1,101,950	4,558	(353,308)	-	736,865	
VISTA 55	8290	Pedestrian Mobility Sidewalks	(4,729)	93,501	3	(98,908)	-	(10,133)	(a)
Interest Income			15	-	-	-	-	15	
Total Congestion Relief			(49,122)	2,218,575	4,561	(1,721,108)	-	452,906	
Maintenance:									
VISTA 53	8262	Annual Street Maintenance & Resurfacing	-	-	-	(14,636)	-	(14,636)	(a)
Interest Income			102	-	-	-	-	102	
Total Maintenance			102	-	-	(14,636)	-	(14,534)	
Total Local Street Improvements			(49,020)	2,227,375	4,561	(1,744,544)	-	438,372	
Senior Mini-Grants:									
VISTA 44	OUTAB	Out & About Vista	(75,714)	27,137	-	(113,654)	162,231	-	(c)
Total Senior Mini-Grants			(75,714)	27,137	-	(113,654)	162,231	-	

SCHEDULE A

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status	Funds	Interest	Project	City	Project Status	Notes
			July 1, 2017	Received	Income	Expenditures	Adjustments	June 30, 2018	
Smart Growth Grants:									
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ (27,071)	\$ 227,298	\$ -	\$ (265,483)	\$ -	\$ (65,256)	(d)
		Total Smart Growth Grants	(27,071)	227,298	-	(265,483)	-	(65,256)	
Bikes and Pedestrian									
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	(636,474)	706,677	-	(330,911)	-	(260,708)	(d)
		Total Bikes and Pedestrian	(636,474)	706,677	-	(330,911)	-	(260,708)	
		Total <i>TransNet</i> Extension	\$ (788,279)	\$ 3,188,487	\$ 4,561	\$ (2,454,592)	\$ 162,231	\$ 112,408	

Notes:

- (a) City will request reimbursement of programmed funds to eliminate negative balance.
- (b) Programming for RTIP project VISTA46, Annual Street Construction and Overlay-CIP 8225, includes a transfer of TransNet funds of \$40 from RTIP project VISTA49, Olive ave Overpass Study-8252. RTIP project VISTA49 was closed at the end of Fiscal Year 2017/18. The City obtained Council approval via R-2018-179.
- (c) The Senior Mini-Grant received funding from SANDAG for MPO VISTA 54/V10 in the amount of \$27,137. All funding received was expended through the fiscal year of June 30, 2018. The City received additional funding from a Federal Enhanced Mobility for Seniors and Individuals with Disabilities Program Grant in the amount of \$49,049, which was used to pay a portion of the expenditures. The remaining balance of expenditures in the amount of \$(113,182) was self-funded by the City of Vista. All expenditures are accumulated within the same account used for the Senior Mini-Grant.
- (d) Deficit to be covered by future grant reimbursement request.

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
VISTA 56	N/A	Regional Arterial Management Systems	\$ 44,000	\$ -	\$ (44,000)	\$ -
		Total Congestion Relief - Pass-Through	<u>44,000</u>	<u>-</u>	<u>(44,000)</u>	<u>-</u>
Congestion Relief:						
VISTA 46	8225	Street Construction/Overlay-Annual	6,399,113	-	(6,672,994)	(273,881)
VISTA 49	8252	Olive Ave Overpass Study	6,365	-	(6,325)	40
VISTA 54	8289	Paseo Santa Fe Streetscape Improvements Ph II	1,424,052	4,558	(691,745)	736,865
VISTA 55	8290	Pedestrian Mobility Sidewalks	223,881	3	(234,017)	(10,133)
		Interest Income	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
		Total Congestion Relief	<u>8,053,411</u>	<u>4,576</u>	<u>(7,605,081)</u>	<u>452,906</u>
Maintenance:						
VISTA 53	8262	Annual Street Maintenance & Resurfacing	1,264,674	-	(1,279,310)	(14,636)
		Interest Income	<u>-</u>	<u>102</u>	<u>-</u>	<u>102</u>
		Total Maintenance	<u>1,264,674</u>	<u>102</u>	<u>(1,279,310)</u>	<u>(14,534)</u>
		Total Local Street Improvements	<u>9,362,085</u>	<u>4,678</u>	<u>(8,928,391)</u>	<u>438,372</u>
Senior Mini-Grants:						
VISTA 44	OUTAB	Out & About Vista	478,413	-	(478,413)	-
		Total Senior Mini-Grants	<u>478,413</u>	<u>-</u>	<u>(478,413)</u>	<u>-</u>

SCHEDULE B

CITY OF VISTA, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Smart Growth Grants:						
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	\$ 409,529	\$ -	\$ (474,785)	\$ (65,256)
Total Smart Growth Grants			<u>409,529</u>	<u>-</u>	<u>(474,785)</u>	<u>(65,256)</u>
Bikes and Pedestrian						
VISTA 54/V10	TNSGG	Paseo Santa Fe Streetscapes Phase II	1,696,800	-	(1,957,508)	(260,708)
Total Bikes and Pedestrian			<u>1,696,800</u>	<u>-</u>	<u>(1,957,508)</u>	<u>(260,708)</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>11,946,827</u>	<u>4,678</u>	<u>(11,839,097)</u>	<u>112,408</u>
Completed Projects:						
LSI - Congestion Relief			9,739,233	(38,298)	(9,700,935)	-
LSI - Maintenance			3,416,475	70	(3,416,545)	-
Senior Mini Grants			75,848	-	(75,848)	-
Smart Growth Grants			148,287	-	(148,287)	-
Bikes and Pedestrian			<u>372,534</u>	<u>-</u>	<u>(372,534)</u>	<u>-</u>
Total Completed Projects			<u>13,752,377</u>	<u>(38,228)</u>	<u>(13,714,149)</u>	<u>-</u>
Total Cumulative <i>TransNet</i> Extension			<u>\$ 25,699,204</u>	<u>\$ (33,550)</u>	<u>\$ (25,553,246)</u>	<u>\$ 112,408</u>

CITY OF VISTA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Spend funds	MPO ID	Cumulative				Funds Committed June 30, 2018	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	City Adjustments		June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2011	June 30, 2018		\$ 101,696	\$ 3,057	\$ (105,026)	\$ 273	\$ -	\$ -	\$ -	(a)
For Fiscal Year ended June 30, 2012	June 30, 2019		186,824	3,766	(190,590)	-	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020		43,762	330	(44,092)	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		176,720	1,381	(178,101)	-	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022		200,606	1,862	(202,468)	-	-	-	165,521	
For Fiscal Year ended June 30, 2016	June 30, 2023		214,830	-	(211,100)	-	-	3,730	214,830	
For Fiscal Year ended June 30, 2017	June 30, 2024		172,061	-	-	-	-	172,061	172,061	
For Fiscal Year ended June 30, 2018	June 30, 2025		317,346	-	-	-	-	317,346	-	
Interest Income			-	17,540	-	1,424	-	18,964	17,540	(a)
Total RTCIP Funds			\$ 1,413,845	\$ 27,936	\$ (931,377)	\$ 1,697	\$ -	\$ 512,101	\$ 569,952	

Notes:

- (a) City of Vista had an adjustment of \$1,697 as funds in the project year 2011 audit report were \$101,969 but were recorded as \$101,696, a difference of \$273. Allocated interest was also miss calculated by \$1,424 from FY15, FY16 and FY17. Adjustment was made to reflect prior year amounts not accounted for.

COUNTY OF SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the County of San Diego (County), was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The County's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed in alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. We notified the recipient agency of any variations and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed interest income reported on Schedule A and matched it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.
 - f. We identified the total *TransNet* expenditures for the fiscal year.
 - i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: The County recorded total *TransNet* expenditures in the amount of \$8,367,349. We selected \$2,600,963 (31.08%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25% of the total dollar amount of expenditures and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. Based on the project description and expenditure support 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. 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 \$862,348 of indirect costs were charged to the *TransNet* program, which resulted in an average indirect cost rate of 10.31% compared to total *TransNet* expenditures. The indirect cost rate has not been reviewed by a federal or

state agency or audited by an independent CPA firm. The indirect cost rates are updated and reviewed on an annual basis by the County. The methodology used to calculate the indirect cost rate appears reasonable. No exceptions were noted as a result of our procedures.

- g. We reviewed that any amounts reflected in the "Adjustments" column were explained in the form of a footnote and that the adjustments were consistent with SANDAG Board Policy No. 031, Rule #17, Section III, including the type or expected type of authorization and date of authorization. Adjustments within the same MPO ID do not require a footnote.

Results: This procedure is not applicable as there were no adjustments reported on Schedule A.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We determined that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: No exceptions were noted as a result of our procedures.

- i. If the balance of a completed project had not been transferred to another *TransNet*-eligible project, we ensured that a footnote was provided that included the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III, including the expected type of authorization and date of authorization.

Results: This procedure is not applicable as there were no completed projects that had been transferred.

- i. If a project ending balance is negative, we ensured that an explanation in the form of a footnote to Schedule A was provided that includes the subsequent year's intended action in accordance with SANDAG Board Policy No. 031, Rule #17, Section III.

Results: No exceptions were noted as a result of our procedures.

- i. We substantiated that additional funding was available in the RTIP or that an RTIP Amendment will be in process prior to June 30, 2019.

Results: No exceptions were noted as a result of our procedures.

- j. We reviewed whether inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had provided a footnote as to the status of the project that includes when the project will be completed.

Results: No exceptions were noted as a result of our procedures.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: No exceptions were noted as a result of our procedures.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: 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 County had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief vs. maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments reported on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B by category.

Results: No exceptions were noted as a result of our procedures.

8. We reviewed that the ending fund balance per Schedule A for those projects that were derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: The County is in compliance with the 30% requirement as follows:

Fiscal year 2018 apportionment	\$15,249,117
Less: debt service payment	<u>(1,293,529)</u>
Net estimated apportionment	13,955,588
30% base	<u>30%</u>
Fiscal year 2018 30% threshold	<u>4,186,676</u>
Less:	
Local Streets and Roads fund balance	-
Local Street Improvement:	
Congestion Relief fund balance	3,700,298
Maintenance fund balance	<u>179,082</u>
Total Local Streets and Roads and Local Street Improvement fund balance	<u>3,879,380</u>
Fund balance under apportionment	\$ <u>307,296</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 2018 *TransNet* Local Streets Improvements Allocation Schedule.

Results: The ending balances for Congestion Relief and Maintenance as of June 30, 2018 are as follows:

	Funds Held by County	Funds Held by SANDAG	Total
Congestion Relief	\$3,700,298	\$(13,814,761)	\$(10,114,463)
Maintenance	<u>179,082</u>	<u>40,464,412</u>	<u>40,643,494</u>
Totals	<u>\$3,879,380</u>	<u>\$26,649,651</u>	<u>\$30,529,031</u>

10. We documented the percentage of local street and road revenue cumulatively expended for maintenance. If the percentage was greater than 30%, we documented the recipient agency's plan to cure the excess.

Results: The County has expended 6.33% of cumulative local street and road revenue for maintenance as indicated on the following page:

	<u>County</u>	<u>SANDAG</u>	<u>Total</u>
Congestion relief	\$119,161,772	\$(15,372,275)	\$103,789,497
Maintenance	9,321,141	40,061,619	49,382,760
Interest	<u>1,566,754</u>	<u>1,960,307</u>	<u>3,527,061</u>
 Total local street and road revenue	 <u>\$130,049,667</u>	 <u>\$26,649,651</u>	 <u>\$156,699,318</u>
 30% of total local street and road revenue			 \$ 47,009,795
Less maintenance expenditures incurred to date			<u>(9,921,391)</u>
 Available maintenance funds			 <u>\$ 37,088,404</u>
 Cumulative percentage expended for maintenance			 <u>6.33%</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, 2017</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Interest</u> <u>Payments</u>
2008 Bonds	\$15,153,610	\$ -	\$ -	\$15,153,610	\$592,075
2012 Bonds	2,942,481	-	(558,688)	2,383,793	142,766

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 2021, 2022 and 2023 audits.

- a. We obtained the Construction Cost Index for June 30, 2018, 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, 2018.
 - 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, 2018 and dividing it by the Index at June 30, 2015, of the previously approved MOE based period.

Results: This procedure is not applicable as the County does not have an MOE Requirement.

- b. We obtained from the recipient agency a copy of their audited financial report for the fiscal year ended June 30, 2018.
 - i. We calculated the growth rate in the recipient agency's General Fund revenues for the period ended June 30, 2018, over the amount of General Fund revenues as of June 30, 2015, of the previously approved MOE based 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: This procedure is not applicable as the County does not have an MOE Requirement.

- c. We compared the growth rate in the Construction Cost Index as calculated in (a) above with the growth rate in General Fund revenues calculated in (b) above and select the lowest rate.

Results: This procedure is not applicable as the County does not have an MOE Requirement.

- d. We applied the growth rate selected in (c) above to previously approved MOE base and determine the re-indexed MOE base as of June 30, 2018, to become effective for the fiscal years ending June 30, 2021, 2022 and 2023.

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 13.c. and provided a brief explanation of adjustments in Results.
- c. We reported the excess (deficit) of discretionary expenditures over the MOE base, which is equal to the amount of discretionary funds expended for the Local Street Improvement Program less the MOE base amount.
- d. We reported any outstanding unmet requirement from a prior year, the amount of time the recipient agency has remaining to meet its required MOE, and reported a roll forward schedule.

Results: This procedure is not applicable as the County does not have an MOE Requirement.

14. We obtained from SANDAG staff the approved RTCIP Funding Program for the current fiscal year.

- a. For the RTCIP fund, we obtained a detailed general ledger from the recipient agency.

Results: No exceptions were noted as a result of our procedures.

- b. We obtained from the recipient agency the RTCIP approved schedule for collecting and/or contributing private sector exactions to its Funding Program.

Results: No exceptions were noted as a result of our procedures.

- c. We obtained the RTCIP schedule, including cumulative exactions collected, cumulative interest earned, cumulative expenditures (including commitments), and cumulative ending balance.

- i. We reviewed to ensure that the recipient agency was using the most current approved fee amount.

Results: No exceptions were noted as a result of our procedures.

- ii. We inquired of management as to whether procedures were in place to track each exaction fee paid by development.

Results: No exceptions were noted as a result of our procedures.

- iii. We determined whether all exaction fees have been expended or committed within seven years of collection.

Results: No exceptions were noted as a result of our procedures.

- iv. We obtained from SANDAG the list of RTCIP-approved regional arterial system projects and tested at least 10% of the expenditures to ensure that the expenditures were for projects in the approved regional arterial system project list.

Results: The County recorded total RTCIP expenditures in the amount of \$265,739. We selected \$78,102 (29.39%) for testing. No exceptions were noted as a result of our procedures.

- v. If unallowable expenditures were identified in procedure 13.c.iv, we expanded the sample to include an additional 10% of the expenditures, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 13.c.iv.

- vi. We documented the percentage of program revenue spent for fund administration. We determined whether the percentage was less than 3% per Section D.2 of the RTCIP attachment to the *TransNet* Ordinance. If expenditures exceeded 3%, we documented the excess and the recipient agency's plan to cure the excess.

Results: This procedure is not applicable as the County did not incur expenditures for fund administration.

- vii. We 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.

- viii. We identified interest income for the fiscal year and reviewed that the interest income amount per the RTCIP schedule agreed to the RTCIP general ledger. We reviewed the interest allocation methodology to ensure that it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- ix. For any RTCIP funds that have been transferred, loaned or exchanged, we determined whether the requirements of Section 7 of the *TransNet* Ordinance had been met. If so, we documented details of the transfer, loan and/or exchange.

Results: This procedure is not applicable as the County did not transfer, loan, or exchange any RTCIP funds.

- x. We inquired of management as to whether any developers have been allowed credits in lieu of paying the exaction fee. If so, we documented the credits granted and whether Section F of the RTCIP attachment to the Ordinance had been followed.

Results: Per inquiry with management, no developers have been allowed credits in lieu of paying the exaction fee.

- xi. We documented the date the recipient agency provided RTCIP documentation to us for review.

Results: The County provided RTCIP documentation to us for review on October 15, 2018.

- xii. We summarized the recipient agency's compliance with the requirements of Section G.2 of the RTCIP attachment to the *TransNet* Extension Ordinance.

Results: No exceptions were noted as a result of our procedures.

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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“Annual Street Report” means the State of California Annual Street Report.

“Current Fiscal Year” means the fiscal period of July 1, 2017, through June 30, 2018.

“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.

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2018	Notes
TransNet Extension:									
Local Street Improvements:									
Congestion Relief - Pass-Through:									
CNTY81		Regional Arterial Management Systems	\$ -	\$ 12,500	\$ -	\$ (12,500)	\$ -	\$ -	(a)
CHV08		Willow Street Bridge Replacement	36,000	-	-	(36,000)	-	-	
		Total Congestion Relief - Pass-Through	<u>36,000</u>	<u>12,500</u>	<u>-</u>	<u>(48,500)</u>	<u>-</u>	<u>-</u>	
Congestion Relief:									
CNTY14A	1010123	South Santa Fe - South	3,722	-	28	(2,097)	-	1,653	
CNTY21	1003030	Bradley Avenue	217,534	3,385,000	4,782	(3,237,264)	-	370,052	
CNTY24	1003046	Cole Grade - High School	184,567	1,400,000	6,185	(543,196)	-	1,047,556	
CNTY34	1009589	Dye Road Extension	3,302	10,000	127	-	-	13,429	
CNTY35	1009591	Ramona Street Extension	12,200	10,000	128	(12,644)	-	9,684	
CNTY36	1009592	San Vicente Road South I	(113,038)	450,000	2,863	(53,956)	-	285,869	
CNTY38	1009758	Rancho Santa Fe Roundabouts	12	-	-	-	-	12	(b)
CNTY82	1010313	Alpine Blvd	551,937	1,839,000	4,127	(2,331,691)	-	63,373	
CNTY83	1019279	SR67/Highland Dye Valley Intersection	34,400	-	319	(10,344)	-	24,375	
CNTY84	1019201	Stage Coach Lane/Reche Road Intersection	155,136	600,000	4,234	(168,659)	-	590,711	
CNTY86	1020014	Countywide AC FY16/17	(227,645)	1,315,693	3,511	(926,298)	-	165,261	
CNTY86	1021828	AC Overlay 17/18 B	-	979,000	2,852	(40,964)	-	940,888	
CNTY89	1019200	East Vista Way/Gopher Canyon Intersection	57,207	680,000	2,603	(552,375)	-	187,435	
		Total Congestion Relief	<u>879,334</u>	<u>10,668,693</u>	<u>31,759</u>	<u>(7,879,488)</u>	<u>-</u>	<u>3,700,298</u>	
Maintenance:									
CNTY90	1020776	Camino Del Rey Drainage	115,508	250,000	2,027	(188,453)	-	179,082	
		Total Maintenance	<u>115,508</u>	<u>250,000</u>	<u>2,027</u>	<u>(188,453)</u>	<u>-</u>	<u>179,082</u>	

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	County Adjustments	Project Status June 30, 2018	Notes
		Total Local Street Improvements	\$ 1,030,842	\$ 10,931,193	\$ 33,786	\$ (8,116,441)	\$ -	\$ 3,879,380	
		Bikes and Pedestrian:							
CNTY87	5004631	Active Transportation Plan	(35,124)	40,164	-	(6,098)	-	(1,058)	(c)
		Total Bikes and Pedestrian	(35,124)	40,164	-	(6,098)	-	(1,058)	
		Competitive Land Management Grant:							
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	(94,522)	168,449	-	(204,225)	-	(130,298)	(c)
V08	5004730	Otay Valley River Cactus Wren	(8,968)	19,836	-	(17,128)	-	(6,260)	(c)
V08	5004738	Furby North Access	(7,686)	8,049	-	(363)	-	-	(d)
V08	5004942	Quino Habitat Restoration	(1,771)	18,427	-	(20,475)	-	(3,819)	(c)
V08	5004944	Cactus Wren 2017 Fencing	(585)	3,204	-	(2,619)	-	-	(e)
		Total Competitive Land Management Grant	(113,532)	217,965	-	(244,810)	-	(140,377)	
		Total <i>TransNet</i> Extension	\$ 882,186	\$ 11,189,322	\$ 33,786	\$ (8,367,349)	\$ -	\$ 3,737,945	

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) CNTY38 Rancho Santa Fe Roundabouts has been designed and environmental documentation is complete, however no funding is currently identified for Right of Way or Construction. Estimated project completion date is July 2020.
- (c) Negative project status balance is due to qualifying expenditures incurred during the fiscal year. The remaining reimbursement will be received in FY18-19.
- (d) Project 5004738 Furby North Access final reimbursement received. Project is complete.
- (e) Project 5004944 Cactus Wren 2017 Fencing 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, 2018

<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, 2018</u>
TransNet Extension:						
Local Street Improvements:						
Congestion Relief - Pass-Through:						
SAN54/ CNTY81 CHV08		Regional Arterial Management Systems	\$ 75,000	\$ -	\$ (75,000)	\$ -
		Willow Street Bridge Replacement	36,000	-	(36,000)	-
		Total Congestion Relief - Pass-Through	<u>111,000</u>	<u>-</u>	<u>(111,000)</u>	<u>-</u>
Congestion Relief:						
CNTY14A	1010123	South Santa Fe - South	992,300	2,544	(993,191)	1,653
CNTY21	1003030	Bradley Avenue	5,728,000	62,211	(5,420,159)	370,052
CNTY24	1003046	Cole Grade - High School	3,174,000	7,801	(2,134,245)	1,047,556
CNTY34	1009589	Dye Road Extension	979,405	924	(966,900)	13,429
CNTY35	1009591	Ramona Street Extension	830,330	19,279	(839,925)	9,684
CNTY36	1009592	San Vicente Road South I	29,713,086	17,428	(29,444,645)	285,869
CNTY38	1009758	Rancho Santa Fe Roundabouts	410,911	3,608	(414,507)	12
CNTY82	1010313	Alpine Blvd	5,744,000	9,253	(5,689,880)	63,373
CNTY83	1019279	SR67/Highland Dye Valley Intersection	2,177,000	790	(2,153,415)	24,375
CNTY84	1019201	Stage Coach Lane/Reche Road Intersection	1,246,000	5,962	(661,251)	590,711
CNTY86	1020014	Countywide AC FY16/17	2,382,582	5,221	(2,222,542)	165,261
CNTY86	1021828	AC Overlay 17/18 B	979,000	2,852	(40,964)	940,888
CNTY89	1019200	East Vista Way/Gopher Canyon Intersection	1,083,000	3,486	(899,051)	187,435
		Total Congestion Relief	<u>55,439,614</u>	<u>141,359</u>	<u>(51,880,675)</u>	<u>3,700,298</u>
Maintenance:						
CNTY90	1020776	Camino Del Rey Drainage	415,000	3,144	(239,062)	179,082
		Total Maintenance	<u>415,000</u>	<u>3,144</u>	<u>(239,062)</u>	<u>179,082</u>
		Total Local Street Improvements	<u>55,965,614</u>	<u>144,503</u>	<u>(52,230,737)</u>	<u>3,879,380</u>

(Continued)

COUNTY OF SAN DIEGO, CALIFORNIA
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
Bikes and Pedestrian:						
CNTY87	5004631	Active Transportation Plan	\$ 429,864	\$ -	\$ (430,922)	\$ (1,058)
		Total Bikes and Pedestrian	<u>429,864</u>	<u>-</u>	<u>(430,922)</u>	<u>(1,058)</u>
Competitive Land Management Grant:						
V08	5004552	Strategic Removal Implementation of Invasive Weed Species	454,008	-	(584,306)	(130,298)
V08	5004730	Otay Valley River Cactus Wren	56,331	-	(62,591)	(6,260)
V08	5004738	Furby North Access	77,223	-	(77,223)	-
V08	5004942	Quino Habitat Restoration	34,367	-	(38,186)	(3,819)
V08	5004944	Cactus Wren 2017 Fencing	<u>8,472</u>	<u>-</u>	<u>(8,472)</u>	<u>-</u>
		Total Competitive Land Management Grant	<u>630,401</u>	<u>-</u>	<u>(770,778)</u>	<u>(140,377)</u>
		Subtotal Cumulative <i>TransNet</i> Extension	<u>57,025,879</u>	<u>144,503</u>	<u>(53,432,437)</u>	<u>3,737,945</u>
Completed Projects:						
		LSI - Congestion Relief	63,611,158	646,063	(64,257,221)	-
		LSI - Maintenance	8,906,141	776,188	(9,682,329)	-
		Bikes and Pedestrians	125,000	-	(125,000)	-
		Competitive Land Management Grant	<u>639,057</u>	<u>-</u>	<u>(639,057)</u>	<u>-</u>
		Total Completed Projects	<u>73,281,356</u>	<u>1,422,251</u>	<u>(74,703,607)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 130,307,235</u>	<u>\$ 1,566,754</u>	<u>\$ (128,136,044)</u>	<u>\$ 3,737,945</u>

COUNTY OF SAN DIEGO, CALIFORNIA, CALIFORNIA

TransNet Extension Activities

RTCIP Fund

Year Ended June 30, 2018

Project Year	Last Date to Commit funds	MPO ID	Cumulative				Funds committed at June 30, 2018	Cumulative Status		Notes
			Funds Received	Interest Income	Project Expenditures	County Adjustments		June 30, 2018	June 30, 2017	
For Fiscal Year ended June 30, 2011	June 30, 2018		\$ 1,120,191	\$ 2,461	\$ (1,122,652)	\$ -	\$ -	\$ -	\$ -	
For Fiscal Year ended June 30, 2012	June 30, 2019		1,253,969	2,601	(1,256,570)	-	-	-	-	
For Fiscal Year ended June 30, 2013	June 30, 2020		699,665	1,696	(701,361)	-	-	-	-	
For Fiscal Year ended June 30, 2014	June 30, 2021		1,108,576	4,770	(1,113,346)	-	-	-	-	
For Fiscal Year ended June 30, 2015	June 30, 2022		1,180,266	4,039	(1,184,305)	-	-	-	-	
For Fiscal Year ended June 30, 2016	June 30, 2023		1,506,988	4,979	(1,511,967)	-	-	-	-	
For Fiscal Year ended June 30, 2017	June 30, 2024	CNTY89	1,455,074	18,761	(501,104)	-	-	972,731	1,226,697	
For Fiscal Year ended June 30, 2018	June 30, 2025		2,646,555	25,399	-	-	-	2,671,954	-	(a)
Total RTCIP Funds			<u>\$ 10,971,284</u>	<u>\$ 64,706</u>	<u>\$ (7,391,305)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,644,685</u>	<u>\$ 1,226,697</u>	

Notes:

- (a) Interest income and project expenditures for FY17 and FY18 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, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether ITOC was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. The City's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.
Results: No exceptions were noted as a result of our procedures.

2. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.
Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance.
 - a. We substantiated all footnotes required in Schedule A.
Results: This procedure is not applicable as there were no footnotes required in Schedule A.

 - b. We agreed the beginning balance from the prior year or reviewed that SANDAG staff provided a footnote for any restatements of ITOC activity. We determined whether reasons for differences were valid.
Results: No exceptions were noted as a result of our procedures.

 - c. We obtained a listing of *TransNet* payments made for the ITOC from SANDAG staff. We compared the *TransNet* revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.

Results: No exceptions noted as a result of our procedures.

- d. We identified the interest income reported for the year ended June 30, 2018.
- 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 \$365,952. We selected \$126,764 (34.64%) 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.

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, 2018 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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the ITOC's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
March 15, 2019

GLOSSARY OF TERMS

Definitions

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**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, 2018

<u>Project Name</u>	<u>Status July 1, 2017</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Committee Adjustments</u>	<u>Status June 30, 2018</u>
<i>TransNet</i> Extension:						
Independent Taxpayer Oversight Committee	<u>\$ 181,696</u>	<u>\$ 394,972</u>	<u>\$ 2,500</u>	<u>\$ (365,952)</u>	<u>\$ -</u>	<u>\$ 213,216</u>
Total <i>TransNet</i> Extension	<u>\$ 181,696</u>	<u>\$ 394,972</u>	<u>\$ 2,500</u>	<u>\$ (365,952)</u>	<u>\$ -</u>	<u>\$ 213,216</u>

INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

TransNet Extension Activities
 Cumulative Schedule of Status of Funds
 Year Ended June 30, 2018

<u>Project Name</u>	<u>Funds Received</u>	<u>Interest Income</u>	<u>Project Expenditures</u>	<u>Status June 30, 2018</u>
<i>TransNet</i> Extension:				
Independent Taxpayer Oversight Committee	\$ 2,125,850	\$ 27,105	\$ (1,939,739)	\$ 213,216
Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,125,850</u>	<u>\$ 27,105</u>	<u>\$ (1,939,739)</u>	<u>\$ 213,216</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether the San Diego Metropolitan Transit System (MTS) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. MTS' management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as MTS does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: Per discussion with management, the *TransNet* revenues and expenditures are not recorded in a separate fund, but MTS maintains separate accountability for all *TransNet* activity. This alternative approach to maintaining separate accountability is

allowed per SANDAG Board Policy No. 031, Rule #6, if approved by SANDAG. SANDAG has accepted MTS' alternative approach.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: This procedure is not applicable as there was no interest income required to be reported on Schedule A.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as interest income was not reported on Schedule A.

- f. We identified the total *TransNet* expenditures for the fiscal year.

- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).

Results: MTS recorded total *TransNet* expenditures in the amount of \$43,871,244. We selected \$13,410,520 (30.57%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.

- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, the dollar amount of the indirect costs charged to the *TransNet* program, the percentage of indirect costs compared to total *TransNet* expenditures, and the date the indirect cost plan was last updated. We documented the basis of allocation and evaluated the reasonableness of the methodology. We documented whether the recipient agency's indirect cost plan had been reviewed by a federal or state agency, or audited by an independent certified public accounting firm (CPA).

Results: MTS allocated indirect costs to MPO ID MTS33A included in the RTIP for the year ended June 30, 2018 at an overhead rate of 23.51% and a fringe rate of 53.18%. The total dollar amount of indirect costs charged was \$62,267, which represented a 0.14% of total *TransNet* expenditures. MTS engaged an independent CPA firm to perform agreed-upon procedures applied to its indirect cost rates. The firm used 2 CFR Part 200 as its criteria in reviewing the rates, which is reasonable. 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, 2018.

- 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, 2018.

- 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, 2019.

Results: This procedure is not applicable as there was not a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency had presented a footnote as to the status of the project that included when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for the reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- l. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We determined whether transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfers of *TransNet* funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as MTS had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30, 2018 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:

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2018 apportionment	\$830,053	\$31,293,002
Less: debt service payment	_____ -	_____ -
Net estimated apportionment	830,053	31,293,002
30% base	_____ 30%	_____ 30%
Fiscal year 2018 30% threshold	_____ 249,016	_____ 9,387,901
Less:		
Fund balance	_____ -	_____ -
Fund balance under apportionment	\$ _____ 249,016	\$ _____ 9,387,901

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, 2018.

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 2017 to 2018 was 5.95%. The change in total operating cost per revenue vehicle hour for bus services was 3.64% and thus MTS was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 7.61%, and thus MTS was not in compliance with this portion of the requirement. MTS submitted to the SANDAG Board, a request to recalculate operator eligibility for rail services by excluding certain state of good repair costs and labor costs and using the 3 year average. The effect of these exclusions was a reduction in operating expenses of \$8,646,732 and \$6,213,141 for the years ended June 30, 2018 and 2017, respectively. On March 22, 2019, the SANDAG Board of Directors approved MTS' request. Therefore, we have calculated operator eligibility for rail services excluding certain state of good repair costs and labor costs, and MTS is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2018</u>	<u>2017</u>	<u>Growth Rate</u>
Operating cost for buses	\$181,930,197	\$176,773,100	
Revenue vehicle hours	2,076,230	2,090,853	
Total operating cost per revenue vehicle hour	\$87.63	\$84.55	3.64%
Consumer Price Index	226.494	213.765	5.95%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Growth Rate</u>
Operating cost for rail	\$81,668,979	\$76,590,403	\$72,554,802	
Revenue vehicle miles	8,656,486	8,728,365	8,673,789	
Total operating cost per revenue vehicle mile	\$9.43	\$8.77	\$8.36	3.17%
Consumer Price Index	226.494	213.765	205.418	3.34%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the MTS' compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California
March 29, 2019

GLOSSARY OF TERMS

“**CPI**” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2017 of the Semiannual average indexes Table).

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**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, 2018

CIP		Project Status	Funds	Interest	Project	MTS	Project Status	
<u>MPO ID</u>	<u>Number</u>	<u>Project Name</u>	<u>July 1, 2017</u>	<u>Received</u>	<u>Income</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>June 30, 2018</u>
TransNet Extension:								
Operating:								
Senior and Disabled Transportation:								
MTS 33A	47130	MTS Access	\$ -	\$ 820,328	\$ -	\$ (820,328)	\$ -	\$ -
Total Senior and Disabled Transportation			-	820,328	-	(820,328)	-	-
Transit and Trolley:								
MTS 32A	47110	MTS Preventive Maintenance	-	31,137,603	-	(31,137,603)	-	-
Major Transit Corridor Operations:								
SAN 80	47140	SuperLoop	-	2,424,005	-	(2,424,005)	-	-
SAN 80	47150	Bus Rapid Transit	-	7,749,377	-	(7,749,377)	-	-
SAN 80	47170	Mid City Bus Rapid Transit	-	1,691,422	-	(1,691,422)	-	-
SAN 80	47180	South Bay Bus Rapid Transit	-	48,509	-	(48,509)	-	-
Total Major Transit Corridor Operations			-	11,913,313	-	(11,913,313)	-	-
Total Transit and Trolley			-	43,050,916	-	(43,050,916)	-	-
Total Operating			-	43,871,244	-	(43,871,244)	-	-
Total <i>TransNet</i> Extension			\$ -	\$ 43,871,244	\$ -	\$ (43,871,244)	\$ -	\$ -

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

TransNet Extension Activities

Cumulative Schedule of Status of Funds by Project

Year Ended June 30, 2018

<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, 2018</u>
<i>TransNet</i> Extension						
Operating:						
Senior and Disabled Transportation:						
MTS 33A	47130	MTS Access	\$ 7,117,828	\$ -	\$ (7,117,828)	\$ -
Total Senior and Disabled Transportation			<u>7,117,828</u>	<u>-</u>	<u>(7,117,828)</u>	<u>-</u>
Transit and Trolley:						
MTS 32A	47110	MTS Preventative Maintenance	<u>76,134,092</u>	<u>-</u>	<u>(76,134,092)</u>	<u>-</u>
Major Transit Corridor Operations:						
SAN 80	47140	SuperLoop	11,052,946	-	(11,052,946)	-
SAN 80	47150	Bus Rapid Transit	42,973,145	-	(42,973,145)	-
SAN 80	47170	Mid City Bus Rapid Transit	4,435,969	-	(4,435,969)	-
SAN 80	47180	South Bay Bus Rapid Transit	<u>48,509</u>	<u>-</u>	<u>(48,509)</u>	<u>-</u>
Total Major Transit Corridor Operations			<u>58,510,569</u>	<u>-</u>	<u>(58,510,569)</u>	<u>-</u>
Total Transit and Trolley			<u>134,644,661</u>	<u>-</u>	<u>(134,644,661)</u>	<u>-</u>
Total Operating			<u>141,762,489</u>	<u>-</u>	<u>(141,762,489)</u>	<u>-</u>
Subtotal Cumulative <i>TransNet</i> Extension			<u>141,762,489</u>	<u>-</u>	<u>(141,762,489)</u>	<u>-</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<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, 2018</u>
Completed Projects:						
Capital:						
Major Corridor:						
SAN 67	47120	Blue Line Rehab	\$ 45,442,895	\$ -	\$ (45,442,895)	\$ -
MTS 28	47120	Bus & Rail Rolling Stock	2,247,000	-	(2,247,000)	-
		Total Capital	<u>47,689,895</u>	<u>-</u>	<u>(47,689,895)</u>	<u>-</u>
Operating:						
Transit and Trolley						
MTS 23A	47110	MTS Operating Support	181,530,668	-	(181,530,668)	-
		Total Operating	<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>\$ 370,983,052</u>	<u>\$ -</u>	<u>\$ (370,983,052)</u>	<u>\$ -</u>

**NORTH COUNTY TRANSIT DISTRICT
OCEANSIDE, CALIFORNIA**

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether North County Transit District (NCTD) was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. NCTD's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows. Definitions of terms are included as Attachment A.

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG staff the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG staff the *TransNet* Grant Program spreadsheet.

Results: This procedure is not applicable as NCTD does not participate in the Grant Program.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: NCTD does not maintain a separate fund for *TransNet* revenues and expenditures. However, since NCTD is an enterprise fund, it does maintain separate accountability for all *TransNet* activity. This alternative approach for maintaining separate accountability has been approved by SANDAG.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures from the recipient agency for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.

- a. We substantiated all footnotes required in Schedule A.

Results: This procedure is not applicable as Schedule A did not include footnotes.

- b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc.).

Results: No exceptions were noted as a result of our procedures.

- c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.

- d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified the recipient agency and obtained approval from SANDAG.

Results: No exceptions were noted as a result of our procedures.

- e. We identified the interest income reported for the fiscal year.

- i. We reviewed the interest income reported on Schedule A and agreed it to the recipient agency's general ledger.

Results: No exceptions were noted as a result of our procedures.

- ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

- f. We identified the total *TransNet* expenditures for the fiscal year.
- i. We reviewed the total project expenditures per Schedule A and agreed to the recipient agency's general ledger.
- Results: No exceptions were noted as a result of our procedures.
- ii. We selected individual expenditures of at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
- Results: NCTD recorded total *TransNet* expenditures in the amount of \$12,801,720. We selected \$6,145,903 (48.01%) for testing. No exceptions were noted as a result of our procedures.
- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.
- Results: No exceptions were noted as a result of our procedures.
- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 25%, and documented the recipient agency's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures were required.
- Results: This procedure is not applicable as there were no unallowable expenditures identified in procedure 6.f.iii.
- v. We inquired of management whether indirect costs were allocated to the projects included in the RTIP. If so, we documented the indirect cost rate, 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 noted.

- h. We obtained a list of completed projects from the recipient agency that are reported by the *TransNet* program and MPO ID. We determined whether any remaining *TransNet* funds for completed projects were transferred to another *TransNet*-eligible project within the same Program or related Program. We reviewed that completed projects from the previous year were no longer shown in the current year Schedule A.

Results: 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 reported on Schedule A.

- 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, 2019.

Results: This procedure is not applicable as there were no negative project 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 NCTD did not report any non-*TransNet* activity for the fiscal year.

- 7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustments column of Schedule A to funds received, expenditures, or interest income.

Results: This procedure is not applicable as there were no adjustments included on Schedule A.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: No exceptions were noted as a result of our procedures.

- 8. We reviewed that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: NCTD is in compliance with the 30% requirement as follows:

	<u>Senior and Disabled</u>	<u>Transit</u>
Fiscal year 2018 apportionment	\$337,213	\$12,712,943
Less: debt service payment	<u> -</u>	<u> (147,857)</u>
Net estimated apportionment 30% base	<u> 337,213</u> <u> 30%</u>	<u>12,566,086</u> <u> 30%</u>
Fiscal year 2018 30% threshold	<u> 101,164</u>	<u> 3,769,526</u>
Less:		
Fund balance	<u> -</u>	<u> -</u>
Fund balance under apportionment	<u>\$ 101,164</u>	<u>\$ 3,769,526</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, 2017</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2018</u>	<u>Interest Payments</u>
Commercial Paper	\$26,750,000	\$ -	\$(1,200,000)	\$25,550,000	\$(147,857)

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 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 2017 to 2018 was 5.95%. The change in total operating cost per revenue vehicle hour for bus services was 4.81%, and thus NCTD was in compliance with this portion of the requirement. However, the change in total operating cost per revenue vehicle mile for rail services was 8.45%, and thus

NCTD was not in compliance with this portion of the requirement. NCTD submitted to the SANDAG Board, a request to recalculate operator eligibility for rail services by using the 3 year average. The effect of this 3 year calculation was a reduction in the change in ratio to 0.71%. On March 22, 2019, the SANDAG Board of Directors approved NCTD's request. Therefore, we have calculated operator eligibility for rail services using the 3 year average and NCTD is now in compliance with this requirement.

Operating Cost per Revenue Vehicle Hour for Bus Services

	<u>2018</u>	<u>2017</u>	<u>Growth Rate</u>
Operating cost for buses	\$59,663,845	\$59,368,282	
Revenue vehicle hours	580,294	605,184	
Total operating cost per revenue vehicle hour	\$102.82	\$98.10	4.81%
Consumer Price Index	226.494	213.765	5.95%

Operating Cost per Revenue Vehicle Mile for Rail Services

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>Growth Rate</u>
Operating cost for rail	\$36,838,156	\$34,031,427	\$34,266,348	
Revenue vehicle miles	788,908	790,308	792,481	
Total operating cost per revenue vehicle mile	\$46.70	\$43.06	\$43.24	0.71%
Consumer Price Index	226.494	213.765	205.418	2.06%

11. We reviewed and documented the status of any prior year findings and recommendations.

Results: This procedure is not applicable as there were no findings and recommendations noted in the prior year report.

12. We proposed current year findings as a result of performing the above agreed-upon procedures. We included the recipient agency's response to address the finding.

Results: This procedure is not applicable as there were no findings and recommendations required to be prepared for the year ended June 30, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

expression of an opinion or conclusion, respectively, on NCTD's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

“**CPI**” means Consumer Price Index for San Diego County. For the transit operators, CPI is taken from the Bureau of Labor Statistics West Information Office for San Diego, CA (1st Half 2017 of the Semiannual average indexes Table).

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

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“**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.

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“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“**TransNet Extension Ordinance**” means the 2004 Proposition A.

“**TransNet Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

NORTH COUNTY TRANSIT DISTRICT
TransNet and *TransNet* Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Interest Income	Project Expenditures	NCTD Adjustments	Project Status June 30, 2018	Notes
TransNet:									
Capital:									
Transit:									
NCTD18	112005, 115005, 514016, 512556, 512557	Coastal	\$ 548,434	\$ -	\$ 4,032	\$ (385,416)	\$ -	\$ 167,050	
NCTD18	412770, 514017, 518004, 518010	STP Projects and Services	14,243	-	153	(1,304)	-	13,092	
		Total Transit	562,677	-	4,185	(386,720)	-	180,142	
		Total Capital	562,677	-	4,185	(386,720)	-	180,142	
		Total <i>TransNet</i>	\$ 562,677	\$ -	\$ 4,185	\$ (386,720)	\$ -	\$ 180,142	
TransNet Extension:									
Operating:									
Senior and Disabled Transportation:									
NCTD03	N/A	Elderly and Disabled	-	355,000	-	(355,000)	-	-	
		Total Senior and Disabled Transportation	-	355,000	-	(355,000)	-	-	
Transit:									
NCTD02	817350	Preventive Maintenance	-	-	-	-	-	-	
NCTD16B	N/A	Oceanside to Escondido Rail Operations	-	1,519,700	-	(1,519,700)	-	-	
NCTD34	N/A	Expanded Transit Service	-	10,540,300	-	(10,540,300)	-	-	
		Total Transit	-	12,060,000	-	(12,060,000)	-	-	
		Total Operating	-	12,415,000	-	(12,415,000)	-	-	
		Total <i>TransNet</i> Extension	\$ -	\$ 12,415,000	\$ -	\$ (12,415,000)	\$ -	\$ -	
		Total <i>TransNet</i> and <i>TransNet</i> Extension	\$ 562,677	\$ 12,415,000	\$ 4,185	\$ (12,801,720)	\$ -	\$ 180,142	

NORTH COUNTY TRANSIT DISTRICT
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Interest Income	Project Expenditures	Project Status June 30, 2018
TransNet Extension:						
Operating:						
Senior and Disabled Transportation:						
NCTD03	N/A	Elderly and Disabled	\$ 2,908,325	\$ -	\$ (2,908,325)	\$ -
		Total Senior and Disabled Transportation	<u>2,908,325</u>	<u>-</u>	<u>(2,908,325)</u>	<u>-</u>
Major Corridor:						
NCTD34	N/A	Expanded Transit Service	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>
		Total Major Corridor	<u>1,313,066</u>	<u>-</u>	<u>(1,313,066)</u>	<u>-</u>
Transit:						
NCTD02	817350	Preventive Maintenance	1,715,876	-	(1,715,876)	-
NCTD16B	N/A	Oceanside to Escondido Rail Operations	15,225,092	-	(15,225,092)	-
NCTD34	N/A	Expanded Transit Service	<u>92,443,209</u>	<u>-</u>	<u>(92,443,209)</u>	<u>-</u>
		Total Transit	<u>109,384,177</u>	<u>-</u>	<u>(109,384,177)</u>	<u>-</u>
		Total Operating	<u>113,605,568</u>	<u>-</u>	<u>(113,605,568)</u>	<u>-</u>
Completed Projects:						
Operating:						
		<i>TransNet</i> Senior Mini Grant	217,941	-	(217,941)	-
Capital:						
		Major Corridor	68,323,717	429,576	(68,753,293)	-
		Bike, Pedestrian and Neighborhood Safety (BPNS) Inland Rail Trail	<u>3,870,000</u>	<u>25,257</u>	<u>(3,895,257)</u>	<u>-</u>
		Total Completed Projects	<u>72,411,658</u>	<u>454,833</u>	<u>(72,866,491)</u>	<u>-</u>
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 186,017,226</u>	<u>\$ 454,833</u>	<u>\$ (186,472,059)</u>	<u>\$ -</u>

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA

Report on Agreed-Upon Procedures
Applied to the *TransNet* Fund

Year Ended June 30, 2018

Independent Taxpayer Oversight Committee
San Diego Association of Governments
San Diego, California

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Independent Taxpayer Oversight Committee (ITOC) of the San Diego Association of Governments (SANDAG), solely to assist ITOC and SANDAG in determining whether SANDAG was in compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. SANDAG's management is responsible for the accounting records. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We reviewed the *TransNet* Ordinance and Expenditure Plan, *TransNet* Extension Ordinance, and SANDAG Board Policy No. 031.

Results: No exceptions were noted as a result of our procedures.

2. We obtained from SANDAG the applicable approved RTIP.

Results: No exceptions were noted as a result of our procedures.

3. We obtained from SANDAG the *TransNet* Grant Program spreadsheet.

Results: No exceptions were noted as a result of our procedures.

4. We inquired of the recipient agency's management and determined whether the recipient agency maintains a separate fund for *TransNet* revenues or has an alternative approach to maintaining separate accountability for reasonableness.

Results: No exceptions were noted as a result of our procedures.

5. We obtained a detailed general ledger for *TransNet* revenues and expenditures for SANDAG and SDCRTC for the current fiscal year.

Results: No exceptions were noted as a result of our procedures.

6. We obtained from the recipient agency Schedule A that includes a beginning balance, *TransNet* funds received, expenditures, interest income, adjustments, and an ending balance listed alpha-numeric by MPO ID and identifying recipient agency project number.
 - a. We substantiated all footnotes required in Schedule A.

Results: No exceptions were noted as a result of our procedures.
 - b. We reviewed Schedule A and determined that the projects are properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet* Extension; local streets and roads; local street improvements, including congestion relief vs. maintenance; highway; major corridor; environmental mitigation program; etc). We determined that the projects are properly classified by SANDAG and SDCRTC.

Results: No exceptions were noted as a result of our procedures.
 - c. We agreed the beginning balance from the prior year or reviewed that the recipient agency provided a footnote for any restatements. We determined whether reasons for differences were valid.

Results: No exceptions were noted as a result of our procedures.
 - d. We obtained a listing of *TransNet* payments made to the recipient agency from SANDAG staff. We compared the *TransNet* revenue recorded by the recipient agency to the listing of payments received from SANDAG staff. If variances existed, we notified SANDAG staff and obtained approval.

Results: No exceptions were noted as a result of our procedures.
 - e. We identified the interest income reported for the fiscal year.
 - i. We reviewed the interest income reported on Schedule A and matched it to the *TransNet* general ledger.

Results: This procedure is not applicable as there was no interest reported on Schedule A.
 - ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.

Results: This procedure is not applicable as there was no interest reported on Schedule A.
 - f. We identified the total *TransNet* expenditures for the year ended June 30, 2018.

- 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 \$492,424,694. We selected \$181,799,685 (36.92%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the MPO ID that the expenditures are charged against and determined if the MPO ID is included in the RTIP (see procedure 2 above) and the expenditures are an eligible cost per the *TransNet* and *TransNet* Extension Ordinance and Expenditure Plan requirements.

Results: No exceptions were noted as a result of our procedures.

- iv. If unallowable expenditures were identified in procedure 6.f.iii, we expanded the sample to include an additional 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. 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, 2018. SANDAG allocates indirect costs at a rate of 76.87% of direct labor costs associated with each project. SANDAG allocated a total of \$2,822,885 of indirect costs to projects, resulting in 0.57% 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, 2019.

Results: This procedure is not applicable as there were no projects with a negative ending balance.

- j. We reviewed that inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or that the recipient agency has provided a footnote of the status of the project that includes when the project will be completed.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- k. We obtained approval from SANDAG staff for reason of inactivity.

Results: This procedure is not applicable as there were no inactive projects which have had no activity over the past two years.

- I. We obtained a signed staff report or resolution from the recipient agency's governing body consenting to the transfer of *TransNet* funds from one project to another. We reviewed that transfers requiring an amendment to the RTIP followed the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

Results: This procedure is not applicable as there were no transfer of funds between projects.

- m. We reported all non-*TransNet* activity separate from *TransNet* activity in Schedule A.

Results: This procedure is not applicable as SANDAG had no non-*TransNet* activity for the fiscal year.

7. We obtained from the recipient agency the Schedule B which includes cumulative information for all *TransNet* Extension projects including *TransNet* funds received, expenditures, interest income (either listed by project or Program), and an ending balance listed alpha-numeric by MPO ID.

- a. We reviewed Schedule B and determined that projects were properly classified and reported by *TransNet* program (i.e., local street improvements, including congestion relief versus maintenance; major corridors; and environmental mitigation program; etc.). We reviewed the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedule A and Schedule B.

Results: No exceptions were noted as a result of our procedures.

- b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

Results: No exceptions were noted as a result of our procedures.

- c. We identified any completed projects reported in the prior year's Schedule A and ensured that all completed projects were reported in the current year's Schedule B completed section by category.

Results: This procedure is not applicable as there were no completed projects reported in the prior year's Schedule A.

8. We determined that the ending fund balance per Schedule A for those projects that are derived from the recipient agency's annual *TransNet* apportionment was not more than 30% of the recipient agency's current fiscal year annual apportionment, net of debt

service payments. We determined whether the recipient agency included a schedule showing the annual apportionment, debt service deduction (if applicable), net annual apportionment, 30% balance threshold, applicable project status balance, and balance over/under the threshold.

Results: This procedure is not applicable as the 30% balance threshold applies to *TransNet* recipients that receive an annual apportionment per the Ordinance. SANDAG is not a recipient of an annual apportionment.

9. If applicable (including SDCRTC), we 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, 2018.

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 \$41,872,668 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, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2018</u>
Commercial Paper	\$3,476,392	\$454,632	\$ -	\$3,931,024
2008 Bonds	25,704,043	2,038,680	-	27,742,723
2010 Bonds	2,896,115	6,275	-	2,902,390
2012 Bonds	2,319,449	2,009	-	2,321,458
2014 Bonds	1,283,927	3,108	-	1,287,035
2016 Bonds	1,194,133	4,155	-	1,198,288
2017 TIFIA Loan	764,337	225,435	(57,855)	931,917
2018 Short Term	-	1,557,833	-	1,557,833
Total	\$37,638,396	\$4,292,127	\$(57,855)	\$41,872,668

11. We reviewed to ensure that SANDAG's administrative expenditures complied with Section 12 of the *TransNet* Extension Ordinance:
 - a. We reviewed and ensured that the total administrative expenditures did not exceed 1% of the annual *TransNet* apportioned revenues, plus any funds not utilized in prior years.

Results: No exceptions were note as a result of our procedures.

- b. We reviewed at least 25% of the administrative expenditures and ensured that they were expended by recipient SANDAG for staff salaries, wages, benefits, overhead, and for those services, including contractual services, necessary to administer *TransNet*.

Results: SANDAG recorded total administrative expenditures in the amount of \$2,921,326. We selected \$2,768,084 (94.75%) for testing. No exceptions were noted as a result of our procedures.

- i. If unallowable expenditures were identified in step 11.b, we expanded the sample to include an additional 25% of administrative expenditures, and documented SANDAG's plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted ITOC Audit Subcommittee Chair to determine whether additional procedures were required.

Results: This procedure is not applicable as there were no unallowable expenditures noted in step 11.b.

12. For SANDAG, acting as the SDCRTC, only, we performed the following procedures:

- a. We inquired and obtained source data used to calculate the Local Street Improvement Allocation Schedule in the TTrak program and recalculated the total funds contributed per jurisdiction.

Results: No exceptions were noted as a result of our procedures.

- b. We reviewed the FY 2018 *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, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the SANDAG's compliance with the *TransNet* Ordinance and *TransNet* Extension Ordinance for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Independent Taxpayer Oversight Committee and the San Diego Association of Governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California
March 15, 2019

GLOSSARY OF TERMS

Definitions

“**Current Fiscal Year**” means the fiscal period of July 1, 2017, through June 30, 2018.

“**ITOC**” means the Independent Taxpayer Oversight Committee.

“**MPO ID**” means Metropolitan Planning Organization Identification Number; the number assigned to approved RTIP projects.

“**Recipient Agency**” means an agency, including SANDAG and SDCRTC, that receives *TransNet* funding on an annual basis for one or more of the *TransNet* Programs.

“**RTIP**” means the Regional Transportation Improvement Program, a multi-year program of projects for major transportation projects in the San Diego County region.

“**SANDAG**” means San Diego Association of Governments, the responsible agent for the administration of the *TransNet* Ordinances.

“**SANDAG Board Policy No. 031**” means the SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules.

“**Schedule A**” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active *TransNet* projects.

“**Schedule B**” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency *TransNet* Extension Ordinance projects.

“**SDCRTC**” means the San Diego County Regional Transportation Commission, a blended component unit of SANDAG.

“***TransNet* Extension Ordinance**” means the 2004 Proposition A.

“***TransNet* Ordinance and Expenditure Plan**” means the 1987 Proposition A San Diego Transportation Improvement Plan.

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
TransNet:								
Transit:								
		LFV Station Platform Retrofit	\$ -	\$ (7,890)	\$ 7,890	\$ -	\$ -	(a)
		Total Transit	-	(7,890)	7,890	-	-	
TransNet Highways:								
		SR76 East	-	15,139,216	-	(15,139,216)	-	(b)
		Total <i>TransNet</i> Highways	-	15,139,216	-	(15,139,216)	-	
		Total <i>TransNet</i>	-	15,131,326	7,890	(15,139,216)	-	
TransNet Extension:								
Administration:								
		SANDAG 1% Administration	-	2,921,326	(2,921,326)	-	-	
		Total Administration	-	2,921,326	(2,921,326)	-	-	
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	769,690	(769,690)	-	-	
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	-	63,129	(63,129)	-	-	
CHV76	1223059	F Street Promenade Streetscape Master Plan	-	110,130	(110,130)	-	-	
CNTY87	1223060	County of San Diego-Active Transportation Plan	-	6,775	(6,775)	-	-	
ESC43	1223062	Escondido Creek Bikeway Missing Link	-	67,967	(67,967)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	-	597,490	(597,490)	-	-	
		Total BPNS - Pass-Through	-	1,615,181	(1,615,181)	-	-	
BPNS:								
CAL330	1223014	SR-15 Commuter Bike Facility	-	25,159	(25,159)	-	-	
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	-	147,598	(147,598)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	347,169	(347,169)	-	-	
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8A	-	(2,512)	2,512	-	-	(a)
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	-	1,643,967	(1,643,967)	-	-	
SAN153	1223023	The Inland Rail Trail	-	82,183	(82,183)	-	-	
SAN154	1129900	Bayshore Bikeway Segment 8B	-	62,399	(62,399)	-	-	
SAN155	1223016	Coastal Rail Trail - Rose Creek	-	6,554,976	(6,554,976)	-	-	
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	-	855,275	(855,275)	-	-	
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	567,951	(567,951)	-	-	
		Subtotal BPNS	-	10,284,165	(10,284,165)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		BPNS balance carried forward	\$ -	\$ 10,284,165	\$ (10,284,165)	\$ -	\$ -	
SAN195	1223055	Bayshore Bikeway - Barrio Logan	-	1,256,752	(1,256,752)	-	-	
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	-	139,827	(139,827)	-	-	
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	-	36,614	(36,614)	-	-	
SAN203	1223056	San Ysidro to IB Parkway	-	542,368	(542,368)	-	-	
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	-	195,118	(195,118)	-	-	
SAN205	1223057	NP to Downtown/Balboa Bikeway	-	782,454	(782,454)	-	-	
SAN206	1223058	Southeast to Downtown Bikeway	-	296,333	(296,333)	-	-	
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Beach	-	1,912	(1,912)	-	-	
SAN229	1223078	North Park/Mid-City Bikeways: Landis Bikeway	-	805,074	(805,074)	-	-	
SAN230	1223079	North Park/Mid-City Bikeways: Howard-Orange Bikeway	-	181,662	(181,662)	-	-	
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	-	136,930	(136,930)	-	-	
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	-	1,016,589	(1,016,589)	-	-	
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	-	136,155	(136,155)	-	-	
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	-	534,032	(534,032)	-	-	
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	-	2,145	(2,145)	-	-	
SAN237	1223086	Uptown Bikeways: Uptown Bikeways: Park Boulevard Bikeway	-	23,829	(23,829)	-	-	
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	-	57,640	(57,640)	-	-	
		Total BPNS	-	16,429,599	(16,429,599)	-	-	
		Senior Services - Pass-Through:						
COR20	1272200	Coronado Seniors Out and About Volunteer Driver Program	-	20,130	(20,130)	-	-	
LAM27	1270400	La Mesa - Rides4Neighbors	-	167,861	(167,861)	-	-	
O34	1270500	Oceanside - Solutions for Seniors on the Go	-	191,900	(191,900)	-	-	
SAN70	1271000	Jewish Family Services - Rides and Smiles	-	173,555	(173,555)	-	-	
SAN70	1271800	On the Go (Eastern San Diego)	-	133,073	(133,073)	-	-	
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	-	150,991	(150,991)	-	-	
		Total SAN70	-	457,619	(457,619)	-	-	
		Subtotal Senior Services - Pass-Through	-	837,510	(837,510)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		Senior Services - Pass-Through balance carried forward	\$ -	\$ 837,510	\$ (837,510)	\$ -	\$ -	
SAN87	1270700	Elderhelp - Volunteer Driver Program	-	90,809	(90,809)	-	-	
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	-	56,700	(56,700)	-	-	
SAN92	1271300	Travelers Aid Society - SeniorRide	-	208,109	(208,109)	-	-	
SAN138	1272500	Renewing Life	-	77,518	(77,518)	-	-	
SAN139	1271500	FACT MedAccessRide	-	60,000	(60,000)	-	-	
SAN168	1271900	FACT Mobility Management	-	206,885	(206,885)	-	-	
SAN185	1270800	FACT MedRide	-	235,818	(235,818)	-	-	
SAN194	1272100	Mountain Health and Community	-	36,182	(36,182)	-	-	
VISTA44	1270600	City of Vista - Out and About	-	18,220	(18,220)	-	-	
		Total Senior Services - Pass-Through	-	1,827,751	(1,827,751)	-	-	
		Senior Services:						
SAN40	3320100	Metropolitan Planning	-	70,000	(70,000)	-	-	
		Total Senior Services	-	70,000	(70,000)	-	-	
		Smart Growth - Pass-Through:						
EL33	1224039	El Cajon Transit Center Transit-Supportive Land Use and Mobility Plan	-	108,233	(108,233)	-	-	
ESC44	1224034	Escondido Transit Center Active Transportation Connections	-	165,906	(165,906)	-	-	
IB17	1224042	Palm Avenue Mixed-Use and Commercial Corridor Master Plan - Rainbow	-	253,884	(253,884)	-	-	
LG22	1224032	Lemon Grove Avenue Realignment Project (SGIP)	-	665,482	(665,482)	-	-	
LG23	1224041	Broadway Downtown Village Specific (DVSP) Expansion	-	25,370	(25,370)	-	-	
NC23	1224030	Westside Mobility Improvement Project	-	1,981,506	(1,981,506)	-	-	
NC24	1224037	Downtown Specific Plan Update	-	27,415	(27,415)	-	-	
NC25	1224028	Downtown-Westwide Wayfinding and Community Gateways	-	585,736	(585,736)	-	-	
O42	1224029	Seagaze Drive Downtown Mobility Project	-	322,785	(322,785)	-	-	
SD227	1224021	Morena Blvd Station Area Study Phase 2	-	122,332	(122,332)	-	-	
SD238	1224033	San Ysidro Wayfinding Signs	-	12,790	(12,790)	-	-	
		Subtotal Smart Growth - Pass-Through	-	4,271,439	(4,271,439)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		Smart Growth - Pass-Through balance carried forward	\$ -	\$ 4,271,439	\$ (4,271,439)	\$ -	\$ -	
SD239	1224038	Grantville Trolley Station/Alvarado Creek Enhancement Project	-	112,532	(112,532)	-	-	
SD240	1224040	6th Avenue Bridge Promenade Feasibility and Conceptual Design	-	16,208	(16,208)	-	-	
SD241	1224043	Pacific Beach Greenways, Parks and Transit	-	58,500	(58,500)	-	-	
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	-	28,836	(28,836)	-	-	
VISTA54	1224035	Paseo Santa Fe Phase II	-	497,661	(497,661)	-	-	
		Total Smart Growth - Pass-Through	-	4,985,176	(4,985,176)	-	-	
		Smart Growth:						
SAN40	3300100	TransNet Smart Growth Incentive Program	-	147,597	(147,597)	-	-	
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	-	609,269	(609,269)	-	-	
		Total Smart Growth	-	756,866	(756,866)	-	-	
		Local Street Improvements:						
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	-	11,700	(11,700)	-	-	
CHV39	3311002	Traffic Signal System Optimization	-	15,500	(15,500)	-	-	
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	-	12,500	(12,500)	-	-	
EL06	3311002	Traffic Signals Project	-	9,700	(9,700)	-	-	
ENC28	3311002	Traffic Signal Modifications	-	7,400	(7,400)	-	-	
LAM46	3311002	Regional Arterial Management System (RAMS) - (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)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
Regional Environmental Mitigation Program (EMP) - Pass-Through:								
V07	12002xx	Caltrans EMP	\$ -	\$ 42,350,000	\$ (42,350,000)	\$ -	\$ -	
V08	1200394	Cactus Wren 2015	-	127,256	(127,256)	-	-	
V08	1200395	Nuttall's Lotus	-	35,798	(35,798)	-	-	
V08	1200396	Otay River Valley Cactus Wren	-	17,127	(17,127)	-	-	
V08	1200397	San Luis Rey, Santa Margarita, and San Dieguito Watersheds	-	130,470	(130,470)	-	-	
V08	1200399	Carlsbad Hydrologic Unit 2	-	22,985	(22,985)	-	-	
V08	1201301	Brachypodium Phase 2	-	26,025	(26,025)	-	-	
V08	1201302	SDNWR: Mother Miguel Mountai	-	7,860	(7,860)	-	-	
V08	1201304	Furby-North Preserve	-	362	(362)	-	-	
V08	1201305	Otay River Valley and Salt Creek Cactus Wren 3	-	44,805	(44,805)	-	-	
V08	1201306	Proctor Valley OHV Barrier	-	48,000	(48,000)	-	-	
V08	1201307	Quino Habitat Restoration	-	20,474	(20,474)	-	-	
V08	1201308	Salt Creek Cactus Wren	-	48,068	(48,068)	-	-	
V08	1201309	Cactus Wren 2017	-	2,619	(2,619)	-	-	
V08	1201310	Vernal Pool Restoration	-	14,463	(14,463)	-	-	
V08	1201311	Bernardo Bay Cactus Wren	-	27,822	(27,822)	-	-	
V08	1201312	Crest Canyon Veldt Grass	-	30,607	(30,607)	-	-	
V08	1201313	Riparian Restoration	-	41,997	(41,997)	-	-	
V08	1201314	Veldt Grass Removal	-	14,958	(14,958)	-	-	
V08	1201315	Pallid Bat	-	4,624	(4,624)	-	-	
V08	1201316	Silverwood Wildlife	-	12,270	(12,270)	-	-	
V08	1201317	San Diego River Channel	-	38,741	(38,741)	-	-	
V08	1201318	Native Seed Bank	-	154,570	(154,570)	-	-	
V08	1201319	Otay Mesa Rare Plants	-	665	(665)	-	-	
V08	1201320	Proctor Valley Vernal Pools	-	22,585	(22,585)	-	-	
V08	1201321	North County Dunes 2	-	39,523	(39,523)	-	-	
V08	1201322	SD Thornmint Restoration	-	10,596	(10,596)	-	-	
		Total V08	-	945,270	(945,270)	-	-	
		Total Regional EMP - Pass Through	-	43,295,270	(43,295,270)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
Environmental Mitigation Program (EMP):								
V07	12002xx	Biological Mitigation	\$ -	\$ 7,270,081	\$ (7,270,081)	\$ -	\$ -	
V08	12003xx/ 12013xx	Regional Habitat Conservation Fund	-	3,640,101	(3,640,101)	-	-	
Total EMP			-	10,910,182	(10,910,182)	-	-	
Bus Rapid Transit (BRT)/Rail Operations:								
SAN80	3310700	<i>TransNet</i> Major Transit Corridor Operations	-	8,183	(8,183)	-	-	
Total BRT/Rail Operations			-	8,183	(8,183)	-	-	
Major Corridor - Pass-Through:								
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	(44,909,492)	(10,721,700)	55,631,192	-	(c)
CAL09	1200509	I-5 San Elijo Bridge Replace	-	57,935,799	(4,234,000)	(53,701,799)	-	(c)
CAL09	1200510	I-5 HOV Carlsbad	-	310,000	1,000	(311,000)	-	(c)
CAL09	1200511	I-5 Ramp Meters	-	1,618,393	-	(1,618,393)	-	(c)
Total CAL09			-	14,954,700	(14,954,700)	-	-	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV lanes	-	242,000	(242,000)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	250,000	(250,000)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	65,510	(65,510)	-	-	
CAL18B	1201501	I-15 Managed Lanes - South Segment	-	(10,890)	10,890	-	-	(d)
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	-	50,485	(50,485)	-	-	
Total CAL18B			-	39,595	(39,595)	-	-	
Subtotal Major Corridor - Pass-Through			-	15,551,805	(15,551,805)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		Major Corridor - Pass-Through balance carried forward	\$ -	\$ 15,551,805	\$ (15,551,805)	\$ -	\$ -	
CAL29	1207602	SR 76 Middle	-	855,100	(855,100)	-	-	
CAL29B	1207606	SR 76 East	-	5,551,000	(5,551,000)	-	-	
CAL67	1280508	State Route 94 Corridor Improvements	-	(867)	867	-	-	(d)
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	-	(619,397)	619,397	-	-	(d)
CAL75	1200506	I-5 Genesee Interchange and Widening	-	4,182,000	(4,182,000)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	1,102,000	(1,102,000)	-	-	
CAL78C	1280510	I-805 South: 2 HOV and DAR	-	5,952,000	(5,952,000)	-	-	
CAL78D	1280515	I-805 South Soundwalls - Unit 1	-	1,989,000	(1,989,000)	-	-	
CAL114	1200503	I-5/SR 56 Interchange	-	44,000	(44,000)	-	-	
CAL120	1201510	SR-78 Auxiliary Lanes & Nordahl Road Bridge at SR-78	-	(3,133)	3,133	-	-	(d)
SAN23	1257001	Mid-Coast LRT Corridor Project	-	170,000	(170,000)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	1,904,402	(1,904,402)	-	-	
SAN47	1280504	South Bay BRT	-	73,904	(73,904)	-	-	
SAN73	1239806	San Elijo Lagoon Double Track	-	4,830,000	(4,830,000)	-	-	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	1,381,000	(1,381,000)	-	-	
SAN146	1280512	I-805 Imperial BRT Station	-	(2,013)	2,013	-	-	(d)
V15	1200508	I-5/Gilman Drive Bridge.	-	124,999	(124,999)	-	-	
		Total Major Corridor - Pass-Through	-	43,085,800	(43,085,800)	-	-	
		Major Corridor:						
CAL09	1200501	I-5 North Coast	-	37,675	(37,675)	-	-	
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	-	(60,472,185)	53,758,346	6,713,839	-	(c)
CAL09	1200509	I-5 San Elijo Bridge Replace	-	61,750,222	(55,112,383)	(6,637,839)	-	(c)
CAL09	1200510	I-5 HOV Carlsbad	-	315,026	(311,026)	(4,000)	-	(c)
CAL09	1200511	I-5 Ramp Meters	-	1,690,392	(1,618,392)	(72,000)	-	(c)
CAL09	3310708	TDM-North Coast Corridor TDM	-	92,589	(92,589)	-	-	
		Total CAL09	-	3,413,719	(3,413,719)	-	-	
		Subtotal Major Corridor	-	3,413,719	(3,413,719)	-	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		Major Corridor - Pass-Through balance carried forward	\$ -	\$ 3,413,719	\$ (3,413,719)	\$ -	\$ -	
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV lanes	-	962	(962)	-	-	
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	-	197,556	(197,556)	-	-	
CAL18	1201502	I-15 Managed Lanes (Middle)	-	17,850	(17,850)	-	-	
CAL18A	1201503	I-15 Managed Lanes-North Segment	-	(74,739)	74,739	-	-	(a)
CAL18B	1201501	I-15 Managed Lanes - South Segment	-	27,657	(27,657)	-	-	
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	-	8,735	(8,735)	-	-	
CAL18B	1201518	I-15 Mira Mesa Transit Station Parking Structure	-	3,514,750	(3,514,750)	-	-	
		Total CAL18B	-	3,551,142	(3,551,142)	-	-	
CAL26	1205203	State Route 52 Freeway (E&F)	-	(10,616)	10,616	-	-	(a)
CAL29	1207602	SR 76 Middle	-	(2,995,992)	(4,008)	3,000,000	-	(b)
CAL29B	1207606	SR 76 East	-	(12,290,975)	151,759	12,139,216	-	(b)
CAL67	1280508	State Route 94 Corridor Improvements	-	5,737	(5,737)	-	-	
CAL75	1200506	I-5 Genesee Interchange and Widening	-	523,366	(523,366)	-	-	
CAL77	1200505	I-5/I-8 Connector	-	240,960	(240,960)	-	-	
CAL78B	1280511	I-805 HOV/Managed Lanes - North	-	45,580	(45,580)	-	-	
CAL78C	1280510	I-805 South: 2 HOV & DAR	-	52,288	(52,288)	-	-	
CAL78D	1280515	I-805 S Soundwalls	-	102,874	(102,874)	-	-	
CAL114	1200503	I-5/SR 56 Interchange	-	172	(172)	-	-	
CAL278	1207801	SR78 HOV/Managed Lanes	-	132	(132)	-	-	
CAL325	1390504	State Routes 905/125/11 Northbound Connectors	-	270	(270)	-	-	
SAN04	1201504	I-15 FasTrak®	-	113,748	(113,748)	-	-	
SAN23	1257001	Mid-Coast LRT Corridor Project	-	278,134,248	(278,134,248)	-	-	
SAN26	1201505	I-15 BRT Transit Stations at RB, Sabre Springs and Del Lago	-	(10,928)	10,928	-	-	(a)
SAN26B	1201509	Downtown BRT Stations	-	154,861	(154,861)	-	-	
SAN26C	1201507	SR 15 Bus Rapid Transit (BRT) Mid-City Centerline Stations	-	9,108,383	(9,108,383)	-	-	
		Subtotal Major Corridor	-	280,280,598	(295,419,814)	15,139,216	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		Major Corridor balance carried forward	\$ -	\$ 280,280,598	\$ (295,419,814)	\$ 15,139,216	\$ -	
SAN27	1300601	San Ysidro Intermodal Freight Facility	-	646,493	(646,493)	-	-	
SAN27	1300602	South Line Rail Freight Capacity	-	100,605	(100,605)	-	-	
		Total SAN27	-	747,098	(747,098)	-	-	
SAN29	1239801	Sorrento to Miramar Double Track/Realign	-	11,768	(11,768)	-	-	
SAN29	1239812	Sorrento to Miramar Phase 2	-	218,304	(218,304)	-	-	
		Total SAN29	-	230,072	(230,072)	-	-	
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	-	178,879	(178,879)	-	-	
SAN36	1129200	Bus/Rail Signal & Communications Equipment	-	497,000	(497,000)	-	-	
SAN46	1041502	Super Loop	-	2,758,803	(2,758,803)	-	-	
SAN47	1280504	South Bay BRT	-	15,952,953	(15,952,953)	-	-	
SAN54	1144800	Regional Arterial Detection	-	30,290	(30,290)	-	-	
SAN54	2301500	Multimodal TSM/TDM Model Tool	-	80,902	(80,902)	-	-	
SAN54	3311000	ITS Operations	-	774,700	(774,700)	-	-	
SAN54	3311100	Regional ITS Program Management	-	385,132	(385,132)	-	-	
SAN54	3311800	Connected Vehicle Development Program	-	101,512	(101,512)	-	-	
SAN54	3330700	TSM-Integrated Corridor Management Program	-	44,432	(44,432)	-	-	
		Total SAN54	-	1,416,968	(1,416,968)	-	-	
SAN64	1239809	Eastbrook to Shell Double Track	-	168,754	(168,754)	-	-	
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	-	5,198,037	(5,198,037)	-	-	
SAN73	3310708	TDM - North Coast Corridor	-	92,590	(92,590)	-	-	
		Total SAN73	-	5,290,627	(5,290,627)	-	-	
		Subtotal Major Corridor	-	307,521,752	(322,660,968)	15,139,216	-	

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities

Schedule of Status of Funds by Project (Continued)

Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Project Status July 1, 2017	Funds Received	Project Expenditures	Agency Adjustments	Project Status June 30, 2018	Notes
		Major Corridor balance carried forward	\$ -	\$307,521,752	\$ (322,660,968)	\$15,139,216	\$ -	
SAN73A	1239817	Chesterfield Drive Crossing Improvements	-	210,179	(210,179)	-	-	
SAN74	1143300	Escondido Bus Rapid Transit	-	(4,955)	4,955	-	-	(a)
SAN78	1240001	Mid-City Rapid Bus	-	693,738	(693,738)	-	-	
SAN79	1142500	Centralized Train Control (CTC)	-	20,970	(20,970)	-	-	
SAN94	1144601	I-15 Integrated Corridor Management Project (ICM)	-	99,277	(99,277)	-	-	
SAN116	1239803	Oceanside Station Pass Through Track	-	3,201,413	(3,201,413)	-	-	
SAN117	1239805	Poinsettia Station Improvements	-	414,972	(414,972)	-	-	
SAN119	1239807	Sorrento Valley Double Track	-	977,226	(977,226)	-	-	
SAN120	1239808	Tecolote-Washington Crossovers	-	(45)	45	-	-	(a)
SAN121	1239804	Carlsbad Double Track	-	(73,883)	73,883	-	-	(b)
SAN123	1143200	University Town Center (UTC) Transit Center	-	4,260,392	(4,260,392)	-	-	
SAN129	1201514	Downtown Multiuse and Bus Stopover Facility	-	5,089,211	(5,089,211)	-	-	
SAN130	1239810	Carlsbad Village Double Track	-	36,073	(36,073)	-	-	
SAN131	1201511	Mira Mesa Blvd. Bus Rapid Transit Priority Treatments	-	(3,709)	3,709	-	-	(a)
SAN132	1239811	Elvira to Morena Double Track	-	8,412,034	(8,412,034)	-	-	
SAN133	1201513	South Bay BRT Maintenance Facility	-	60,338	(60,338)	-	-	
SAN149	1239814	Coaster PE	-	22,505	(22,505)	-	-	
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	-	4,810,467	(4,810,467)	-	-	
SAN170	1210010	Orange and Blue Line Project Management	-	(14,680)	14,680	-	-	(a)
SAN171	1210020	BL Crossovers & Signals	-	(5,388)	(3,786)	9,174	-	(e)
SAN172	1210030	BL Station Rehabilitation	-	194,848	(185,674)	(9,174)	-	(e)
SAN173	1210040	BL Rail Infrastructure	-	327,058	(327,058)	-	-	
SAN182	1239815	San Diego River Bridge	-	2,547,310	(2,547,310)	-	-	
SAN183	1239816	Batiquitos Lagoon Double Track	-	379,241	(379,241)	-	-	
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	-	317,288	(317,288)	-	-	
SAN224	1280513	I-805/SR-94 Bus on Shoulder Demonstration Project	-	3,299,064	(3,299,064)	-	-	
V11	1201101	State Route 11	-	1,822,740	(1,822,740)	-	-	
V15	1200508	I-5/Gilman Drive Bridge.	-	6,145,747	(6,145,747)	-	-	
V18	1200507	I-5/Voigt Drive Improvements	-	441,551	(441,551)	-	-	
		Total Major Corridor	-	351,202,734	(366,341,950)	15,139,216	-	
		Total <i>TransNet</i> Extension	-	477,293,368	(492,432,584)	15,139,216	-	
		Total <i>TransNet</i> & <i>TransNet</i> Extension	-	492,424,694	(492,424,694)	-	-	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<u>MPO ID</u>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Status July 1, 2017</u>	<u>Funds Received</u>	<u>Project Expenditures</u>	<u>Agency Adjustments</u>	<u>Project Status June 30, 2018</u>	<u>Notes</u>
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Notes:

- (a) Negative expenditures in FY 18 due to reallocation of prior year *TransNet* expenditures.
- (b) *TransNet* funds were returned in FY 18 due to other funding received for prior year expenditures.
- (c) Transferred prior year expenditures from 1200504 to 1200509, 1200510 & 1200511 to split this one project into four separate projects.
- (d) *TransNet* funds were returned in FY 18 due to other funding received for prior year expenditures. See Caltrans audit for more detail.
- (e) Transferred prior year expenditures from 1210020 to 1210030 to match remainder of contract tasks that will be completed under 1210030.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
TransNet Extension:					
Administration:					
		SANDAG 1% Administration	\$ 25,251,634	\$ (25,251,634)	\$ -
		Total Administration	<u>25,251,634</u>	<u>(25,251,634)</u>	<u>-</u>
Bike, Pedestrian & Neighborhood Safety (BPNS) - Pass-Through:					
CAL330	1223014	SR-15 Commuter Bike Facility	2,517,999	(2,517,999)	-
CB45	1223071	Carlsbad Blvd & Tamarack Ave Ped Improvement Project	63,129	(63,129)	-
CHV76	1223059	F Street Promenade Streetscape Master Plan	396,517	(396,517)	-
CNTY87	1223060	County of San Diego-Active Transportation Plan	478,802	(478,802)	-
ESC43	1223062	Escondido Creek Bikeway Missing Link	248,717	(248,717)	-
VISTA54	1224035	Paseo Santa Fe Phase II - (Congestion Relief)	<u>1,697,626</u>	<u>(1,697,626)</u>	<u>-</u>
		Total BPNS - Pass Through	<u>5,402,790</u>	<u>(5,402,790)</u>	<u>-</u>
BPNS:					
CAL330	1223014	SR-15 Commuter Bike Facility	148,920	(148,920)	-
SAN40	3300100	<i>TransNet</i> Smart Growth Incentive Program	304,598	(304,598)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	<u>471,168</u>	<u>(471,168)</u>	<u>-</u>
		Subtotal BPNS	<u>924,686</u>	<u>(924,686)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - BPNS	\$ 924,686	\$ (924,686)	\$ -
SAN102	1144300	Bayshore Bikeway - Segments 7 & 8A	749,863	(749,863)	-
SAN144	1143700	Bayshore Bikeway - Segments 4 & 5	2,344,402	(2,344,402)	-
SAN153	1223023	The Inland Rail Trail	7,392,954	(7,392,954)	-
SAN154	1129900	Bayshore Bikeway Segment 8B	683,315	(683,315)	-
SAN155	1223016	Coastal Rail Trail - Rose Creek	8,400,064	(8,400,064)	-
SAN156	1223017	Coastal Rail Trail Encinitas: E St to Chesterfield Dr	1,716,338	(1,716,338)	-
SAN158	1223020	Bicycle Facilities - La Mesa to North Park	1,405,801	(1,405,801)	-
SAN160	1223022	Bicycle Facilities - Old Town to San Diego	5,153,338	(5,153,338)	-
SAN195	1223055	Bayshore Bikeway - Barrio Logan	2,437,594	(2,437,594)	-
SAN197	1223052	San Diego River Trail - Qualcomm Stadium	520,484	(520,484)	-
SAN198	1223053	San Diego River Trail - Carlton Oaks Segment	387,810	(387,810)	-
SAN203	1223056	San Ysidro to IB Parkway	691,713	(691,713)	-
SAN204	1223054	I-15 Bike Path: Adams Ave to Landis St	460,375	(460,375)	-
SAN205	1223057	NP to Downtown/Balboa Bikeway	1,564,770	(1,564,770)	-
SAN206	1223058	Southeast to Downtown Bikeway	1,095,509	(1,095,509)	-
SAN207	1223018	Coastal Rail Trail Encinitas: Chesterfield Dr to Solana Beach	5,478	(5,478)	-
SAN229	1223078	North Park/Mid-City Bikeways: Landis Bikeway	1,155,560	(1,155,560)	-
SAN230	1223079	North Park/Mid-City Bikeways: Howard-Orange Bikeway	258,834	(258,834)	-
SAN232	1223081	North Park/Mid City Bikeways: University Bikeway	181,751	(181,751)	-
SAN233	1223082	North Park/Mid-City Bikeways: Georgia Meade Bikeway	1,878,046	(1,878,046)	-
SAN234	1223083	Uptown Bikeways: Eastern Hillcrest Bikeways	517,168	(517,168)	-
SAN235	1223084	Uptown Bikeways: Washington Street and Mission Valley Bikeways	541,494	(541,494)	-
SAN236	1223085	Uptown Bikeways: Mission Hills and Old Town Bikeways	2,470	(2,470)	-
SAN237	1223086	Uptown Bikeways: Uptown Bikeways: Park Boulevard Bikeway	24,320	(24,320)	-
SAN238	1223080	North Park/Mid-City Bikeways Monroe Bikeway	107,956	(107,956)	-
		Total BPNS	40,602,093	(40,602,093)	-
		Senior Services - Pass-Through:			
COR20	1272200	Coronado Seniors Out and About Volunteer Driver Program	41,068	(41,068)	-
LAM27	1270400	La Mesa - Rides4Neighbors	1,225,209	(1,225,209)	-
O21	1270500	Oceanside - Solutions for Seniors on the Go	835,456	(835,456)	-
O34	1270500	Oceanside - Senior Shuttle Program	635,548	(635,548)	-
		Subtotal Senior Services - Pass-Through	2,737,281	(2,737,281)	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Senior Services - Pass-Through	\$ 2,737,281	\$ (2,737,281)	\$ -
SAN70	1271000	Jewish Family Services - Rides and Smiles	402,328	(402,328)	-
SAN70	1271800	On the Go (Eastern San Diego)	324,028	(324,028)	-
SAN70	1272000	Jewish Family Services - Volunteer Driver Transportation/Rides and Smiles	717,465	(717,465)	-
		Total SAN70	1,443,821	(1,443,821)	-
SAN87	1270700	Elderhelp - Volunteer Driver Program	842,813	(842,813)	-
SAN90	1271100	Peninsula Shepherd Senior Center - Volunteer Driver	348,326	(348,326)	-
SAN92	1271300	Travelers Aid Society - SeniorRide	1,068,677	(1,068,677)	-
SAN138	1272500	Renewing Life	77,518	(77,518)	-
SAN139	1271500	FACT MedAccessRide	124,862	(124,862)	-
SAN140	1270800	FACT MedRide	388,233	(388,233)	-
SAN141	1271000	Jewish Family Services	928,710	(928,710)	-
SAN168	1271900	FACT Mobility Management	585,540	(585,540)	-
SAN185	1270800	FACT - Ride FACT	553,678	(553,678)	-
SAN194	1272100	Mountain Health and Community	172,658	(172,658)	-
VISTA44	1270600	City of Vista - Out and About	498,442	(498,442)	-
		Total Senior Services - Pass-Through	9,770,559	(9,770,559)	-
		Senior Services:			
SAN40	3320100	Short Range Transit Svc Activities	406,000	(406,000)	-
		Total Senior Services	406,000	(406,000)	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
Smart Growth - Pass-Through:					
EL33	1224039	El Cajon Transit Center Transit-Supportive Land Use and Mobility Plan	\$ 342,854	\$ (342,854)	\$ -
ESC44	1224034	Escondido Transit Center Active Transportation Connections	337,744	(337,744)	-
IB17	1224042	Palm Avenue Mixed-Use and Commercial Corridor Master Plan-Rainbow to Delaware Construction Drawings	306,599	(306,599)	-
LAM47	1224036	North Spring Street Smart Growth Corridor	46,230	(46,230)	-
LG22	1224032	Lemon Grove Avenue Realignment Project (SGIP)	805,000	(805,000)	-
LG23	1224041	Broadway Downtown Village Specific (DVSP) Expansion	174,999	(174,999)	-
NC23	1224030	Westside Mobility Improvement Project	2,155,582	(2,155,582)	-
NC24	1224037	Downtown Specific Plan Update	319,998	(319,998)	-
NC25	1224028	Downtown-Westwide Wayfinding and Community Gateways	824,999	(824,999)	-
O42	1224029	Seagaze Drive Downtown Mobility Project	357,495	(357,495)	-
SD227	1224021	Morena Blvd Station Area Study Phase 2	400,000	(400,000)	-
SD238	1224033	San Ysidro Wayfinding Signs	97,290	(97,290)	-
SD239	1224038	Grantville Trolley Station/Alvarado Creek Enhancement Project	399,998	(399,998)	-
SD240	1224040	6th Avenue Bridge Promenade Feasibility and Conceptual Design	41,479	(41,479)	-
SD241	1224043	Pacific Beach Greenways, Parks and Transit	122,023	(122,023)	-
SD243	1224031	14th Street Pedestrian Promenade Demonstration Block	149,835	(149,835)	-
VISTA54	1224035	Paseo Santa Fe Phase II	700,138	(700,138)	-
Total Smart Growth - Pass-Through			<u>7,582,263</u>	<u>(7,582,263)</u>	<u>-</u>
Smart Growth:					
SAN40	3300100	TransNet Smart Growth Incentive Program	337,597	(337,597)	-
SAN160	1223022	Uptown Bikeways: Fourth and Fifth Avenue Bikeways	609,269	(609,269)	-
Total Smart Growth			<u>946,866</u>	<u>(946,866)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
Local Street Improvements:					
CB44	3311002	Traffic Signal - RAMS - (Congestion Relief)	\$ 58,500	\$ (58,500)	\$ -
CHV39	3311002	Traffic Signal System Optimization	93,000	(93,000)	-
CNTY81	3311002	Regional Traffic Signal Management - (Congestion Relief)	62,500	(62,500)	-
EL06	3311002	Traffic Signals Project	58,200	(58,200)	-
ENC28	3311002	Traffic Signal Modifications	44,400	(44,400)	-
LAM46	3311002	Regional Arterial Management System (RAMS) - (CR)	29,600	(29,600)	-
NC04	3311002	Traffic Signal Install/Upgrade	48,000	(48,000)	-
O35	3311002	Regional Arterial Management System (RAMS) - (Congestion Relief)	56,000	(56,000)	-
POW29	3311002	Citywide Traffic Signal Improvements - (Congestion Relief)	36,500	(36,500)	-
SD16A	3311002	Traffic Signals Citywide - (Congestion Relief)	338,000	(338,000)	-
SM54	3311002	Citywide Traffic Signals - (Congestion Relief)	54,000	(54,000)	-
SNT20	3311002	Traffic Signals Citywide - (Congestion Relief)	37,000	(37,000)	-
VISTA56	3311002	Traffic Congestion Management Program - CIP 8294	8,800	(8,800)	-
Total Local Street Improvements			924,500	(924,500)	-
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	96,563,185	(96,563,185)	-
V08	1200300	Regional Habitat Conservation Fund	49,142	(49,142)	-
V08	1200311	Gnatcatcher/Cactus Wren - Chula Vista	356,444	(356,444)	-
V08	1200312	Program Developer/Administrator	154,088	(154,088)	-
V08	1200313	Invasive Plant Species Management	189,093	(189,093)	-
V08	1200316	Management Coordinator	77,993	(77,993)	-
V08	1200317	Monitoring Coordinator	37,540	(37,540)	-
V08	1200318	Vegetation Mapping	12,929	(12,929)	-
V08	1200319	Vegetation and Landscape Monitoring	159,936	(159,936)	-
V08	1200329	GIS Support	131,322	(131,322)	-
V08	1200330	Enforcement	59,595	(59,595)	-
Subtotal V08			1,228,082	(1,228,082)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Subtotal V08	\$ 1,228,082	\$ (1,228,082)	\$ -
V08	1200331	Wildlife Corridor and Linkages Monitoring	522,097	(522,097)	-
V08	1200332	Rare and Endemic Plant Monitoring and Recovery	231,524	(231,524)	-
V08	1200342	Preserve Level Management Plan Standardization	68,995	(68,995)	-
V08	1200343	Other Species Monitoring	15,301	(15,301)	-
V08	1200350	Administrative and Science Support	200,275	(200,275)	-
V08	1200355	Invasive Animal Species Management	571,024	(571,024)	-
V08	1200357	Database Support	105,771	(105,771)	-
V08	1200374	Biologist	154,106	(154,106)	-
V08	1200376	Vertebrate Monitoring	1,149,304	(1,149,304)	-
V08	1200377	Invertebrate Monitoring	24,392	(24,392)	-
V08	1200394	Cactus Wren 2015	230,720	(230,720)	-
V08	1200395	Nuttall's Lotus	110,015	(110,015)	-
V08	1200396	Otay River Valley Cactus Wren	62,590	(62,590)	-
V08	1200397	San Luis Rey, Santa Margarita, and San Dieguito Watersheds	297,138	(297,138)	-
V08	1200399	Carlsbad Hydrologic Unit 2	99,923	(99,923)	-
V08	1201301	Brachypodium Phase 2	99,999	(99,999)	-
V08	1201302	SDNWR: Mother Miguel Mountai	13,599	(13,599)	-
V08	1201304	Furby-North Preserve	77,222	(77,222)	-
V08	1201305	Otay River Valley and Salt Creek Cactus Wren 3	177,811	(177,811)	-
V08	1201306	Proctor Valley OHV Barrier	48,000	(48,000)	-
V08	1201307	Quino Habitat Restoration	38,185	(38,185)	-
		Subtotal V08	<u>5,526,073</u>	<u>(5,526,073)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Subtotal V08	\$ 5,526,073	\$ (5,526,073)	\$ -
V08	1201308	Salt Creek Cactus Wren	48,068	(48,068)	-
V08	1201309	Cactus Wren 2017	8,472	(8,472)	-
V08	1201310	Vernal Pool Restoration	49,996	(49,996)	-
V08	1201311	Bernardo Bay Cactus Wren	40,822	(40,822)	-
V08	1201312	Crest Canyon Veldt Grass	30,607	(30,607)	-
V08	1201313	Riparian Restoration	47,596	(47,596)	-
V08	1201314	Veldt Grass Removal	25,594	(25,594)	-
V08	1201315	Pallid Bat	11,866	(11,866)	-
V08	1201316	Silverwood Wildlife	25,389	(25,389)	-
V08	1201317	San Diego River Channel	47,922	(47,922)	-
V08	1201318	Native Seed Bank	179,341	(179,341)	-
V08	1201319	Otay Mesa Rare Plants	665	(665)	-
V08	1201320	Proctor Valley Vernal Pools	22,585	(22,585)	-
V08	1201321	North County Dunes 2	42,229	(42,229)	-
V08	1201322	SD Thornmint Restoration	10,596	(10,596)	-
		Total V08	6,117,821	(6,117,821)	-
		Total Regional EMP - Pass-Through	116,960,006	(116,960,006)	-
		Environmental Mitigation Program (EMP):			
V07	12002xx	Biological Mitigation	140,399,100	(140,399,100)	-
V08	12003xx/ 12013xx	Regional Habitat Conservation Fund	21,601,898	(21,601,898)	-
		Total EMP	162,000,998	(162,000,998)	-
		BRT/Rail Operations			
SAN80	3310700	<i>TransNet</i> Major Transit Corridor Operations	31,936	(31,936)	-
		Total BRT/Rail Operations	31,936	(31,936)	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
Major Corridor - Pass-Through:					
CAL09	1200501	I-5 North Coast	\$ 14,544,450	\$ (14,544,450)	\$ -
CAL09	1200504	I-5 North Coast: 4 Express Lanes	50,759,227	(50,759,227)	-
CAL09	1200509	I-5 San Elijo Bridge Replace	57,935,799	(57,935,799)	-
CAL09	1200510	I-5 HOV Carlsbad	310,000	(310,000)	-
CAL09	1200511	I-5 Ramp Meters	1,618,393	(1,618,393)	-
		Total CAL09	<u>125,167,869</u>	<u>(125,167,869)</u>	<u>-</u>
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	22,303,794	(22,303,794)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	26,754,100	(26,754,100)	-
CAL18A	1201503	I-15 Managed Lanes-North Segment	<u>31,286,523</u>	<u>(31,286,523)</u>	<u>-</u>
CAL18B	1201501	I-15 Managed Lanes - South Segment	26,311,032	(26,311,032)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Station	<u>22,147,315</u>	<u>(22,147,315)</u>	<u>-</u>
		Total CAL18B	<u>48,458,347</u>	<u>(48,458,347)</u>	<u>-</u>
CAL29	1207602	SR 76 Middle	42,349,735	(42,349,735)	-
CAL29B	1207606	SR 76 East	51,189,143	(51,189,143)	-
CAL67	1280508	SR 94 Widening	7,759,133	(7,759,133)	-
CAL68	1212501	SR 94/125 Southbound to Eastbound Connector	274,603	(274,603)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	9,708,000	(9,708,000)	-
CAL78B	1280511	I-805 North: 2HOV	<u>3,142,000</u>	<u>(3,142,000)</u>	<u>-</u>
CAL78C	1280510	I-805 South: 2 HOV and DAR	94,542,078	(94,542,078)	-
CAL78D	1280515	I-805 South Soundwalls - Unit 1	2,898,000	(2,898,000)	-
CAL114	1200503	I-5/SR56 Interchange	251,000	(251,000)	-
CAL120	1201510	SR 78 Auxiliary Lanes	<u>6,274,342</u>	<u>(6,274,342)</u>	<u>-</u>
		Subtotal Major Corridor - Pass-Through	<u>472,358,667</u>	<u>(472,358,667)</u>	<u>-</u>

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Major Corridor - Pass-Through	\$ 472,358,667	\$ (472,358,667)	\$ -
CAL325	1390504	State Routes 905/125/11 Connectors	2,620,719	(2,620,719)	-
CAL369/V18	1200507	I-5/Voigt Drive Direct Access Ramp	110,000	(110,000)	-
SAN23	1257001	Mid-Coast LRT Corridor Project	415,000	(415,000)	-
SAN26	1201505	I-15 BRT Transit Stations	717,649	(717,649)	-
SAN26C	1201507	I-15 BRT Mid-City In-Line Bus Rapid Transit Stations	11,067,102	(11,067,102)	-
SAN47	1280504	South Bay BRT	2,855,327	(2,855,327)	-
SAN73	1239806	San Elijo Lagoon Double Track	5,730,000	(5,730,000)	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	1,381,000	(1,381,000)	-
SAN146	1280512	I-805 Imperial BRT Station	192,087	(192,087)	-
SAN183	1239816	Batiquitos Lagoon Double Track	655,365	(655,365)	-
V15	1200508	I-5 Gilman Drive Bridge	132,999	(132,999)	-
V18	1200507	I-5 Voigt Drive Improvements	480,000	(480,000)	-
		Total Major Corridor - Pass-Through	498,715,915	(498,715,915)	-
		Major Corridor:			
CAL09	1200501	I-5 North Coast	14,911,099	(14,911,099)	-
CAL09	1200504	I-5 North Coast: 2 HOV Lanes	(42,538,103)	42,538,103	-
CAL09	1200509	I-5 San Elijo Bridge Replace	61,750,222	(61,750,222)	-
CAL09	1200510	I-5 HOV Carlsbad	315,026	(315,026)	-
CAL09	1200511	I-5 Ramp Meters	1,690,392	(1,690,392)	-
CAL09	3310708	TDM - North Coast Corridor	852,461	(852,461)	-
		Total CAL09	36,981,097	(36,981,097)	-
CAL09A	1200502	I-5 Lomas Santa Fe Interchange/HOV Lanes	1,986,853	(1,986,853)	-
CAL09C	1280505	I-805 Direct Access Ramp and HOV at Carroll Canyon	4,912,172	(4,912,172)	-
CAL18	1201502	I-15 Managed Lanes - Middle Segment	1,349,466	(1,349,466)	-
CAL18A	1201503	I-15 Managed Lanes - North Segment	20,075,906	(20,075,906)	-
CAL18B	1201501	I-15 Managed Lanes - South Segment	14,611,375	(14,611,375)	-
CAL18B	1201506	I-15 Mira Mesa DAR and Transit Stations	4,957,439	(4,957,439)	-
CAL18B	1201518	I-15 Mira Mesa TS Parking	9,504,874	(9,504,874)	-
		Total CAL18B	29,073,688	(29,073,688)	-
		Subtotal Major Corridor	94,379,182	(94,379,182)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Major Corridor	\$ 94,379,182	\$ (94,379,182)	\$ -
CAL26	1205203	State Route 52 Freeway (E&F)	16,928,102	(16,928,102)	-
CAL29	1207602	SR 76 Middle	6,999,299	(6,999,299)	-
CAL29B	1207606	SR 76 East	3,720	(3,720)	-
CAL67	1280508	SR-94 Widening	3,080,244	(3,080,244)	-
CAL68	1212501	SR-94-125 Widening	1,560,166	(1,560,166)	-
CAL75	1200506	I-5 Genessee Interchange and Widening	5,250,751	(5,250,751)	-
CAL77	1200505	I-5/I-8 Connector	330,509	(330,509)	-
CAL78B	1280511	I-805 North: 2 HOV	2,599,893	(2,599,893)	-
CAL78C	1280510	I-805 South: 2 HOV & DAR	9,004,050	(9,004,050)	-
CAL78D	1280515	I-805 S Soundwalls	285,826	(285,826)	-
CAL114	1200503	I-5/SR 56 Interchange	49,993	(49,993)	-
CAL278	1207801	SR78 HOV/Managed Lanes	9,921	(9,921)	-
CAL325	1390504	State Routes 905/125/11 Connectors	79,397	(79,397)	-
CAL369/ V18	1200507	I-5/Voigt Drive Direct Access Ramp	3,043,541	(3,043,541)	-
CAL399	1200508	I-5/Gilman Drive Bridge	155,804	(155,804)	-
SAN04	1201504	I-15 Managed Lane/Value Pricing	25,097,009	(25,097,009)	-
SAN23	1257001	Mid-Coast Corridor Transit Project	646,542,571	(646,542,571)	-
SAN26	1201505	I-15 BRT Transit Stations	7,989,758	(7,989,758)	-
SAN26B	1201509	Downtown BRT Stations	20,706,786	(20,706,786)	-
SAN26C	1201507	I-15 BRT Transit Stations - South	25,411,512	(25,411,512)	-
SAN27	1300601	San Ysidro Intermodal Freight Facility	4,637,484	(4,637,484)	-
SAN27	1300602	South Line Rail Freight Capacity	5,807,421	(5,807,421)	-
		Total SAN27	10,444,905	(10,444,905)	-
		Subtotal Major Corridor	879,952,939	(879,952,939)	-

SCHEDULE B

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Major Corridor	\$ 879,952,939	\$ (879,952,939)	\$ -
SAN29	1239801	Sorrento to Miramar Double Track/Realign	31,152,385	(31,152,385)	-
SAN29	1239812	Sorrento to Miramar Phase 2	2,569,254	(2,569,254)	-
		Total SAN29	<u>33,721,639</u>	<u>(33,721,639)</u>	-
SAN30	1239813	San Dieguito Lagoon Double Track and Platform	2,629,110	(2,629,110)	-
SAN36	1129200	Bus/Rail Signal & Communications Equipment	497,000	(497,000)	-
SAN46	1041502	<i>SuperLoop</i>	32,814,486	(32,814,486)	-
SAN47	1280504	Otay BRT	<u>64,267,829</u>	<u>(64,267,829)</u>	-
SAN54	1144800	Regional Arterial Detection	172,062	(172,062)	-
SAN54	2301500	Multimodal TSM/TDM Model Tool	1,189,702	(1,189,702)	-
SAN54	3310500	511 Advanced Traveler Information System (511 ATIS)	729,618	(729,618)	-
SAN54	3311000	ITS Operations	9,387,066	(9,387,066)	-
SAN54	3311100	Regional ITS Program Management	2,028,748	(2,028,748)	-
SAN54	3311800	Connected Vehicle Development Program	626,042	(626,042)	-
SAN54	3330700	TSM-Integrated Corridor Management Program	<u>76,333</u>	<u>(76,333)</u>	-
		Total SAN54	<u>14,209,571</u>	<u>(14,209,571)</u>	-
SAN64	1239809	Eastbrook to Shell Double Track	<u>2,674,021</u>	<u>(2,674,021)</u>	-
SAN73	1239806	San Elijo Lagoon (Cardiff to Craven) Double Track	10,639,145	(10,639,145)	-
SAN73	3310708	TDM - North Coast Corridor	<u>710,602</u>	<u>(710,602)</u>	-
		Total SAN73	<u>11,349,747</u>	<u>(11,349,747)</u>	-
SAN73A	1239817	Chesterfield Drive Crossing Improvements	345,270	(345,270)	-
SAN74	1143300	Escondido Bus Rapid Transit	4,210,967	(4,210,967)	-
SAN78	1240001	Mid-City Rapid Bus	21,245,179	(21,245,179)	-
SAN79	1142500	Centralized Train Control	905,456	(905,456)	-
SAN94	1144601	I-15 Integrated Corridor Management	<u>316,018</u>	<u>(316,018)</u>	-
		Subtotal Major Corridor	<u>1,069,139,232</u>	<u>(1,069,139,232)</u>	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

MPO ID	Project Number	Project Name	Funds Received	Project Expenditures	Project Status June 30, 2018
		Balance carried forward - Major Corridor	\$ 1,069,139,232	\$ (1,069,139,232)	\$ -
SAN116	1239803	Oceanside Station Stub Tracks	20,664,845	(20,664,845)	-
SAN117	1239805	Poinsettia Run Through Track	869,882	(869,882)	-
SAN119	1239807	Sorrento Valley Double Track	3,576,837	(3,576,837)	-
SAN120	1239808	Tecolote-Washington Crossovers	2,144,730	(2,144,730)	-
SAN121	1239804	Carlsbad Double Track	151,422	(151,422)	-
SAN123	1143200	University Town Center (UTC) Transit Center	5,377,788	(5,377,788)	-
SAN129	1201514	Downtown Layover Facility	7,807,089	(7,807,089)	-
SAN130	1239810	Carlsbad Village Double Track	2,303,467	(2,303,467)	-
SAN131	1201511	Mira Mesa Blvd. BRT Priority Treatments	3,383,283	(3,383,283)	-
SAN132	1239811	Elvira to Morena Double Track	20,413,352	(20,413,352)	-
SAN133	1201513	South Bay BRT Maintenance Facility	30,894,469	(30,894,469)	-
SAN149	1239814	Coaster PE	972,669	(972,669)	-
SAN163	1145000	Los Penasquitos Lagoon Bridge Replacement	4,810,467	(4,810,467)	-
SAN170	1210010	Orange and Blue Line Project Management	12,202,722	(12,202,722)	-
SAN171	1210020	Blue Line Crossovers and Signals	10,390,539	(10,390,539)	-
SAN172	1210030	Blue Line Station Rehabilitation	32,188,370	(32,188,370)	-
SAN173	1210040	Blue Line Rail Infrastructure	15,020,541	(15,020,541)	-
SAN182	1239815	San Diego River Bridge	7,599,086	(7,599,086)	-
SAN183	1239816	Batiquitos Lagoon Double Track	3,364,546	(3,364,546)	-
SAN208	1201515	Clairemont Mesa Blvd BRT Stations	1,645,634	(1,645,634)	-
SAN224	1280513	I-805/SR 94 Bus on Shoulder Demonstration Project	3,509,830	(3,509,830)	-
V11	1201101	State Route 11	3,916,308	(3,916,308)	-
V15	1200508	I-5/Gilman Drive Bridge	8,513,063	(8,513,063)	-
V18	1200507	I-5/Voigt Drive Improvements	1,210,692	(1,210,692)	-
		Total Major Corridor	1,272,070,863	(1,272,070,863)	-
		Subtotal Cumulative <i>TransNet</i> Extension	2,140,666,423	(2,140,666,423)	-

SAN DIEGO ASSOCIATION OF GOVERNMENTS
TransNet Extension Activities
 Cumulative Schedule of Status of Funds by Project (Continued)
 Year Ended June 30, 2018

<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, 2018</u>
		Balance Carried Forward - Subtotal <i>TransNet</i> Extension	\$ 2,140,666,423	\$ (2,140,666,423)	\$ -
		Completed Projects			
		Bike, Pedestrians & Neighborhood Safety (BPNS):	14,975,689	(14,975,689)	-
		Senior Services	2,734,816	(2,734,816)	-
		Smart Growth	17,759,725	(17,759,725)	-
		Transit Systems Improvement	11,000,000	(11,000,000)	-
		Local Street Improvements	3,271,619	(3,271,619)	-
		Regional Environmental Mitigation Program	10,404,074	(10,404,074)	-
		Major Corridor	<u>373,239,858</u>	<u>(373,239,858)</u>	-
		Total Completed Projects	<u>433,385,781</u>	<u>(433,385,781)</u>	-
		Total Cumulative <i>TransNet</i> Extension	<u>\$ 2,574,052,204</u>	<u>\$ (2,574,052,204)</u>	<u>\$ -</u>