



Board of Directors Agenda

Friday, May 23, 2025,
9 a.m. to 12:30 p.m.

Welcome to SANDAG. The Board of Directors meeting scheduled for Friday, May 23, 2025, will be held in person in the SANDAG Board Room. While Board members will attend in person, members of the public will have the option of participating either in person or virtually.

For public participation via Zoom webinar, click the link to join the meeting: <https://us02web.zoom.us/j/84364692214>

Webinar ID: 843 6469 2214

To participate via phone, dial a number based on your current location in the US:

+1 (669) 900-6833 +1 (929) 205-6099 International numbers available: <https://us02web.zoom.us/u/kbKkEnlrp>

All in-person attendees at SANDAG public meetings other than Board of Directors, Policy Advisory Committee members, and SANDAG staff wearing proper identification are subject to screening by walk-through and handheld metal detectors to identify potential hazards and prevent restricted weapons or prohibited contraband from being brought into the meeting area consistent with section 171(b) of the California Penal Code. The SANDAG [Public Meeting Screening Policy](#) is posted on the [Meetings & Events](#) page of the SANDAG website.

Public Comments: Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Public speakers are generally limited to three minutes or less per person.

Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at clerkoftheboard@sandag.org (please reference Board of Directors meeting in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. the business day before the meeting will be provided to members prior to the meeting. All comments received prior to the close of the meeting will be made part of the meeting record.

If you desire to provide in-person verbal comment during the meeting, please fill out a speaker slip, which can be found in the lobby. If you have joined the Zoom meeting by computer or phone, please use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter *9 to "Raise Hand" and *6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those in person and joining via a computer, and by the last three digits of the phone number of those joining via telephone. Should you wish to display media in conjunction with your comments, please inform the Clerk when called upon. The Clerk will be prepared to have you promoted to a position where you will be able to share your media yourself during your allotted comment time. In-person media sharing must be conducted by joining the Zoom meeting on the personal device where the content resides. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made in writing via email or speaker slip, or verbally per the instructions above.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG provides access to all agenda and meeting materials online at sandag.org/meetings. Additionally, interested persons can sign up for email notifications at sandag.org/subscribe. A physical copy of this agenda may be viewed at the SANDAG Toll Operations Office, 1129 La Media Road, San Diego, CA 92154, at any time prior to the meeting.

To hear the verbatim discussion on any agenda item following the meeting, the [audio/video](#) recording of the meeting is accessible on the SANDAG website.

SANDAG agenda materials can be made available in alternative languages. To make a request, call (619) 699-1900 at least 72 hours in advance of the meeting.

Los materiales de la agenda de SANDAG están disponibles en otros idiomas. Para hacer una solicitud, llame al (619) 699-1900 al menos 72 horas antes de la reunión.

Message from the Clerk: In compliance with Government Code §54952.3, the Clerk hereby announces that the compensation for legislative body members attending the following simultaneous or serial meetings is: Executive Committee (EC) \$100, Borders Committee (BC) \$100, Board of Directors (BOD) \$150, and Regional Transportation Commission (RTC) \$100. Compensation rates for the EC, BC, and BOD are set pursuant to the SANDAG Bylaws, and the compensation rate for the RTC is set pursuant to state law.

SANDAG offices are accessible by public transit. Phone 511 or visit 511sd.com for route information. Bike parking is available in the parking garage of the SANDAG offices.

SANDAG operates its programs without regard to race, color, and national origin in compliance with Title VI of the Civil Rights Act. SANDAG has developed procedures for investigating and tracking Title VI complaints, and the procedures for filing a complaint are available to the public upon request. Questions concerning SANDAG nondiscrimination obligations or complaint procedures should be directed to the SANDAG Director of Diversity and Equity at (619) 699-1900. Any person who believes they or any specific class of persons to be subjected to discrimination prohibited by Title VI also may file a written complaint with the Federal Transit Administration.

SANDAG Notice of Non-Discrimination | Aviso de no discriminación de SANDAG | Abiso sa Hindi Pandidiskrimina ng SANDAG | Thông cáo Không phân biệt đối xử của SANDAG | SANDAG 非歧视通知 | SANDAG: إشعار عدم التمييز

This meeting will be conducted in English, and simultaneous interpretation will be provided in Spanish. Interpretation in additional languages will be provided upon request to ClerkoftheBoard@sandag.org at least 72 business hours before the meeting.

Esta reunión se llevará a cabo en inglés, y se ofrecerá interpretación simultánea en español. Se ofrecerá interpretación en otros idiomas previa solicitud a ClerkoftheBoard@sandag.org al menos 72 horas antes de la reunión.

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Бесплатная языковая помощь | Assistência linguística gratuita | मुफ्त भाषा सहायता | Assistance linguistique gratuite |

ជំនួយភាសាឥតគិតថ្លៃ | ఉచిత భాషా సహాయం | ການຊ່ວຍເຫຼືອດ້ານພາສາພິ | Kaalmada Luqadda ee Bilaashka ah |

Безкоштовна мовна допомога | sandag.org/LanguageAssistance | (619) 699-1900

Closed Captioning is available

SANDAG uses readily available speech recognition technology to automatically caption our meetings in Zoom. The accuracy of captions may vary based on pronunciations, accents, dialects, or background noise. To access Closed Captions, click the “CC” icon in the toolbar in Zoom. To request live closed caption services, please contact the Clerk of the Board at clerkoftheboard@sandag.org or at (619) 699-1900, at least 72 hours in advance of the meeting.

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Vision Statement: *Pursuing a brighter future for all*

Mission Statement: *We are the regional agency that connects people, places, and innovative ideas by implementing solutions with our unique and diverse communities.*

Our Commitment to Equity: *We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.*

We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. The SANDAG equity action plan will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.

We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.



SANDAG Board of Directors

The Board of Directors serves as the governing body of SANDAG and is made up of elected mayors, councilmembers, and county supervisors that are appointed from each of the region's 19 local governments. The Board of Directors serves as the forum for bringing together our local governments and public agencies to plan, program, and implement cooperative comprehensive planning across the San Diego region.

Chair	Vice Chair	Second Vice Chair	Chief Executive Officer
Hon. Lesa Heebner	Hon. Joe LaCava	Hon. John Minto	Mario Orso
City of Carlsbad Hon. Kevin Shin, Councilmember (A) Hon. Priya Bhat-Patel, Mayor Pro Tem (A) Hon. Keith Blackburn, Mayor		City of Santee Hon. John Minto, Mayor (A) Hon. Laura Koval, Councilmember (A) Hon. Ronn Hall, Councilmember	
City of Chula Vista Hon. Carolina Chavez, Deputy Mayor (A) Hon. Cesar Fernandez, Councilmember (A) Hon. Michael Inzunza, Councilmember		City of Solana Beach Hon. Lesa Heebner, Mayor (A) Hon. David A. Zito, Councilmember (A) Hon. Jewel Edson, Councilmember	
City of Coronado Hon. John Duncan, Mayor (A) Hon. Carrie Downey, Councilmember (A) Hon. Mark Fleming, Councilmember (A) Hon. Amy Steward, Councilmember		City of Vista Hon. Katie Melendez, Deputy Mayor (A) Hon. Dan O'Donnell, Councilmember (A) Hon. John Franklin, Mayor	
City of Del Mar Hon. Terry Gaasterland, Mayor (A) Hon. Tracy Martinez, Deputy Mayor (A) Hon. John Spelich, Councilmember		County of San Diego Vacant Hon. Joel Anderson, Supervisor (A) Hon. Terra Lawson-Remer Supervisor (A) Hon. Monica Montgomery Steppe, Supervisor	
City of El Cajon Hon. Bill Wells, Mayor (A) Hon. Steve Goble, Councilmember		Advisory Members	
City of Encinitas Hon. Bruce Ehlers, Mayor (A) Hon. Marco San Antonio, Councilmember (A) Hon. Joy Lyndes, Deputy Mayor		Imperial County Jesus Eduardo Escobar, Supervisor Imperial County (A) Vacant	
City of Escondido Hon. Dane White, Mayor (A) Hon. Judy Fitzgerald, Councilmember (A) Hon. Joe Garcia, Councilmember		California Department of Transportation Ann Fox, Executive District 11 Director (A) Everett Townsend, Deputy District Director (A) Roy Abboud, Supervising Transportation Planner	
City of Imperial Beach Hon. Jack Fisher, Councilmember (A) Hon. Mitch McKay, Councilmember (A) Hon. Matthew Leyba-Gonzalez, Councilmember		Metropolitan Transit System Hon. Matthew Leyba-Gonzalez (A) Hon. Patricia Dillard (A) Hon. Ronn Hall	
City of La Mesa Hon. Mark Arapostathis, Mayor (A) Hon. Lauren Cazares, Councilmember (A) Hon. Laura Lothian, Councilmember		North County Transit District Hon. Jewel Edson (A) Hon. Priya Bhat-Patel (A) Hon. Mike Sannella	
City of Lemon Grove Hon. Alysson Snow, Mayor (A) Hon. Jennifer Mendoza, Mayor Pro Tem (A) Hon. Jessyka Heredia, Councilmember		U.S. Department of Defense Dennis Keck, Navy Region Southwest Executive Director (A) Anna Shepherd, Navy Region Southwest (A) Muska Laiq, Navy Region Southwest	
City of National City Hon. Luz Molina, Councilmember (A) Hon. Ron Morrison, Mayor (A) Hon. Ditas Yamane, Councilmember		Port of San Diego Dan Malcolm, Commissioner (A) Job Nelson	
City of Oceanside Hon. Esther Sanchez, Mayor (A) Hon. Eric Joyce, Deputy Mayor (A) Hon. Jimmy Figueroa, Councilmember		San Diego County Water Authority Hon. Joy Lyndes (A) Joel Scalzitti (A) Valentine Macedo, Jr.	
City of Poway Hon. Steve Vaus, Mayor (A) Hon. Peter De Hoff, Councilmember (A) Hon. Christopher Pikus, Councilmember		San Diego County Regional Airport Authority Gil Cabrera, Chair (A) James Sly, Board member	
City of San Diego Hon. Joe LaCava, Council President (A) Hon. Vivian Moreno, Councilmember (A) Hon. Sean Elo-Rivera, Councilmember Hon. Todd Gloria, Mayor (A) Hon. Kent Lee, Councilmember (A) Hon. Marni Von Wilpert, Councilmember		Southern California Tribal Chairmen's Association Hon. Raymond Welch, Chairman, Barona Band of Mission Indians Hon. Cody Martinez, Chairman, Sycuan Band of the Kumeyaay Nation	
City of San Marcos Hon. Rebecca Jones, Mayor (A) Hon. Ed Musgrove, Councilmember (A) Hon. Mike Sannella, Councilmember		Mexico Hon. Alicia Kerber-Palma Cónsul General of Mexico (A) Hon. Gilberto Luna Deputy Cónsul General of Mexico	
		Association of Planning Groups Hon. Robin Joy Maxson (A) Hon. Eileen Delaney	

Board of Directors

Friday, May 23, 2025

Comments and Communications

1. Non-Agenda Public Comments/Member Comments

Members of the public shall have the opportunity to address the Board of Directors on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. Public comments under this agenda item will be limited to eight public speakers. If the number of public comments under this agenda item exceeds eight, additional public comments will be taken at the end of the agenda. Board members and SANDAG staff also may present brief updates and announcements under this agenda item.

Consent

+2. Approval of Meeting Minutes

Approve

Michael Garcia, SANDAG

The Board of Directors is asked to approve the minutes from the May 1-2, 2025, Board Retreat and the May 9, 2025, Board meeting.

[Att. 1 - 2A - Board Retreat 05.01.25](#)

[Att. 2 - 2B - Board Retreat 05.02.25](#)

[Att. 3 - 2C - 05.09.25](#)

+3. Chief Executive Officer Delegated Actions*

Information

Jennie Sharp, SANDAG

In accordance with various board policies, this report summarizes delegated actions taken by the Chief Executive Officer.

[Chief Executive Officer Delegated Actions](#)

[Att. 1 - Investment Securities Transactions Activity - April 2025](#)

[Att. 2 - Budget Transfers and Amendments - April 2025](#)

[Att. 3 - 2025 RTIP Amendment No. 6 - Table 1](#)

[Att. 4 - Business Meals Summary Report, FY 2025, Q3](#)

+4. Policy Advisory Committee Actions

Approve

Francesca Webb, SANDAG

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees as noted in the report.

[Policy Advisory Committee Actions](#)

[Att. 1 - Transportation Committee Report: SANDAG Grant Programs: Quarterly Status Update and Smart Growth Incentive Program Amendment Request](#)

+5. Transportation Development Act: FY 2025 Productivity Improvement Program and FY 2026 Allocations

Approve

Tim Garrett, SANDAG

The Transportation Committee recommends that the Board of Directors approve the eligibility of the Metropolitan Transit System and North County Transit District to receive their FY 2026 Transportation Development Act allocations of funds.

[Transportation Development Act: FY 2025 Productivity Improvement Program and FY 2026](#)

Allocations

[Att. 1 - FY 2025 Productivity Improvement Performance Measures Summary](#)

[Att. 2 - FY 2025 MTS Annual TDA Claim Form \(Form B\)](#)

[Att. 3 - FY 2025 NCTD Annual TDA Claim Form \(Form B\)](#)

[Att. 4 - FY 2025 CTSA Performance Monitoring Report](#)

[Att. 5 - FY 2025 Unmet Transit Needs](#)

[Att. 6 - Proposed Changes to TDA Claim Manual](#)

[Att. 7 - Draft TDA Manual](#)

+6. Overview of Developments in the Financial Markets, Quarterly Finance Report as of March 31, 2025*

Information

Dawn Vettese, SANDAG

This report provides an update on the latest developments in the financial markets, economy, sales tax revenues, and strategies being explored and implemented to minimize possible impacts to the TransNet Program.

[Overview of Developments in the Financial Markets, Quarterly Finance Report as of March 31, 2025](#)

[Att. 1 - Financial Market Review](#)

[Att. 2 - Local Economic Update and Sales Tax Revenues](#)

[Att. 3 - Investment and Debt Portfolio](#)

[Att. 4 - TransNet Extension Quarterly Report](#)

+7. Approval of Contract Awards for the San Onofre to Pulgas Double Track Phase 2 Project and North Park/Mid-City Bikeways: University Bikeway Project

Approve

Kelly Mikhail, SANDAG

The Board of Directors is asked to authorize the Chief Executive Officer to:

1. Award a contract to Reyes Construction, Inc., for the construction of the San Onofre to Pulgas Double Track Phase 2 Project;

2. Award a contract to Griffith Company for the construction of the North Park/Mid-City Bikeways: University Bikeway Project.

[Approval of Contract Awards for the San Onofre to Pulgas Double Track Phase 2 Project and North Park/Mid-City Bikeways: University Bikeway Project](#)

Reports

+8. SR 11/Otay Mesa East Port of Entry Project Update and Request to Procure Non-Intrusive Inspection Technology

Approve

Maria Rodriguez Molina, Andrea Hoff, SANDAG

Staff will present a project update and seek the Board of Directors' approval to authorize the Chief Executive Officer to release a solicitation for the Technology Systems and Equipment associated with the SR11/OME POE project.

[SR 11/Otay Mesa East Port of Entry Project Update and Request to Procure Non-Intrusive Inspection Technology](#)

[Att. 1 - List of previous project-related BOD actions](#)

[Att. 2 - Project Brochure Presentation](#)

+9. FY 2024 Annual Comprehensive Financial Report and Other Financial and Compliance Matters*

Information

Kimberly Trammel, SANDAG; Jennifer Farr, Davis Farr LLP

In accordance with SANDAG Bylaws, this report provides the FY 2024 Annual Comprehensive Financial Report and other Financial and Compliance Matters in compliance with the Statement of Auditing Standards 114.

[FY 2024 Annual Comprehensive Financial Report and Other Financial and Compliance Matters](#)

[Att. 1 - FY 2024 SANDAG Generally Accepted Government Auditing Standards Report](#)

[Att. 2 - FY 2024 SANDAG Single Audit Report](#)

[Att. 3 - FY 2024 Coronado Toll Bridge Report](#)

[Att. 4 - FY 2024 SANDAG National Transit Database AUP Report](#)

[Att. 5 - FY 2024 Statement of Auditing Standards 114 Letter](#)

[Att. 6 - FY 2024 Transportation Development Act Reports
Presentation](#)

Adjournment

10. Adjournment

The next Board of Directors meeting is scheduled for Friday, May 30, 2025, at 9 a.m.

+ next to an agenda item indicates an attachment

* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item

May 1, 2025, Board of Directors Retreat Minutes

[View Meeting Video](#)

Chair Lesa Heebner (Solana Beach) called the Retreat of the Board of Directors to order at 9:20 a.m. and announced a lack of quorum. The members present continued the meeting with discussion limited to informational, non-action items.

1. Non-Agenda Public Comments/Member Comment

Public comments: Truth, Elena Thompson, Clifford Wieler, KC Gupta.

Member comments: None.

2. SANDAG Board of Directors Workshop

The Board of Directors participated in roundtable discussions and informational sessions focused on agency mandates, regional priorities, and cross-jurisdictional collaboration. Sessions included discussion on the Regional Plan, how to best position the agency for success, its policy governance structure, the Regional Housing Needs Assessment, and the TransNet Program.

A quorum of the Board was met at 10:03 a.m.

The Board of Directors Retreat recessed for lunch at 12:38 p.m.

The Board of Directors Retreat reconvened at 1:24 p.m.

Public comments: Truth, Mary Davis, Karen Ventimillia, Marcella Bothwell.

3. Adjournment

Day 2 of the Board of Directors Retreat is scheduled for Friday, May 2, 2025, at 8:30 a.m. The next Regular Board meeting is Friday, May 9, 2025, at 10:30 a.m.

Chair Heebner adjourned Day 1 of the Retreat at 4:42 p.m.

Board of Directors Retreat Attendance - Day 1

May 1, 2025

Board of Directors	Title	Name	Attended
City of Carlsbad	Councilmember	Kevin Shin (Primary)	Yes
	Mayor Pro Tem	Priya Bhat-Patel (1st Alt.)	No
	Mayor	Keith Blackburn (2nd Alt.)	No
City of Chula Vista	Deputy Mayor	Carolina Chavez (Primary)	Yes
	Councilmember	Cesar Fernandez (1st Alt.)	No
	Councilmember	Michael Inzunza (2nd Alt.)	No
City of Coronado	Mayor	John Duncan (Primary)	No
	Councilmember	Carrie Downey (1st Alt.)	Yes
	Councilmember	Mark Fleming (2nd Alt.)	No
	Councilmember	Amy Steward (3rd Alt.)	No
County of San Diego (Seat A)	Supervisor	Vacant (Primary)	--
	Supervisor	Terra Lawson-Remer (1st Alt.)	No
	Supervisor	Monica Montgomery Steppe (2nd Alt.)	No
County of San Diego (Seat B)	Supervisor	Joel Anderson (Primary)	Yes
	Supervisor	Terra Lawson-Remer (1st Alt.)	No
	Supervisor	Monica Montgomery Steppe (2nd Alt.)	No
City of Del Mar	Mayor	Terry Gaasterland (Primary)	No
	Deputy Mayor	Tracy Martinez (1st Alt.)	No
	Councilmember	John Spelich (2nd Alt)	No
City of El Cajon	Mayor	Bill Wells (Primary)	No
	Councilmember	Steve Goble (Alternate)	No
City of Encinitas	Mayor	Bruce Ehlers (Primary)	Yes
	Councilmember	Marco San Antonio (1st Alt.)	No
	Deputy Mayor	Joy Lyndes (2nd Alt.)	No
City of Escondido	Mayor	Dane White (Primary)	No
	Councilmember	Judy Fitzgerald (1st Alt.)	No
	Councilmember	Joe Garcia (2nd Alt.)	No

City of Imperial Beach	Councilmember	Jack Fisher (Primary)	No
	Councilmember	Mitch McKay (1st Alt.)	No
	Councilmember	Matthew Leyba-Gonzalez (2nd Alt.)	No
City of La Mesa	Mayor	Mark Arapostathis (Primary)	No
	Councilmember	Lauren Cazares (1st Alt.)	No
	Councilmember	Laura Lothian (2nd Alt.)	No
City of Lemon Grove	Mayor	Alysson Snow (Primary)	Yes
	Mayor Pro Tem	Jennifer Mendoza (1st Alt.)	Yes
	Councilmember	Jessyka Heredia (2nd Alt.)	Yes
City of National City	Councilmember	Luz Molina (Primary)	Yes
	Mayor	Ron Morrison (1st Alt.)	No
	Councilmember	Ditas Yamane (2nd Alt.)	No
City of Oceanside	Mayor	Esther Sanchez (Primary)	Yes
	Deputy Mayor	Eric Joyce (1st Alt.)	No
	Councilmember	Jimmy Figueroa (2nd Alt.)	No
City of Poway	Mayor	Steve Vaus (Primary)	No
	Deputy Mayor	Peter De Hoff (1st Alt.)	No
	Councilmember	Christopher Pikus (2nd Alt.)	No
City of San Diego (Seat A)	Vice Chair, Council President	Joe LaCava (Primary)	Yes
	Councilmember	Vivian Moreno (1st Alt.)	No
	Councilmember	Sean Elo-Rivero (2nd Alt.)	No
City of San Diego (Seat B)	Mayor	Todd Gloria (Primary)	No
	Council President Pro Tem	Kent Lee (1st Alt.)	Yes
	Councilmember	Marni Von Wilpert (2nd Alt.)	No
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
	Councilmember	Ed Musgrove (1st Alt.)	No
	Councilmember	Mike Sannella (2nd Alt.)	No
City of Santee	Second Vice Chair, Mayor	John Minto (Primary)	Yes
	Councilmember	Laura Koval (1st Alt.)	No
	Councilmember	Ronn Hall (2nd Alt.)	No

City of Solana Beach	Chair, Mayor	Lesa Heebner (Primary)	Yes
	Councilmember	David Zito (1st Alt.)	Yes
	Councilmember	Jewel Edson (2nd Alt.)	Yes
City of Vista	Deputy Mayor	Katie Melendez (Primary)	Yes
	Councilmember	Dan O'Donnell (1st Alt.)	No
	Mayor	John Franklin (2nd Alt.)	No

Advisory Members	Title	Name	Attended
Caltrans	Director	Ann Fox (Primary)	Yes
	Deputy District Director	Melina Pereira (Alternate)	No
Metropolitan Transit System	Councilmember	Matthew Leyba-Gonzalez (Primary)	No
	Mayor Pro Tem	Patricia Dillard (1st Alt.)	No
	Councilmember	Ronn Hall (2nd Alt.)	No
North County Transit District	Councilmember	Jewel Edson (Primary)	Yes
	Mayor Pro Tem	Priya Bhat-Patel (1st Alt.)	No
	Councilmember	Mike Sannella (2nd Alt.)	No
Imperial County	Supervisor	Jesus Eduardo Escobar (Primary)	No
U.S. Department of Defense	Executive Director	Dennis Keck (Primary)	No
		Anna Shepherd (Alternate)	No
		Muska Laiq (Alternate)	No
Port of San Diego	Commissioner	Dan Malcolm (Primary)	No
		Job Nelson (Alternate)	No
San Diego County Water Authority		Joy Lyndes (Primary)	Yes
		Joel Scalzitti (1st Alt.)	No
		Valentine Macedo Jr. (2nd Alt.)	No
San Diego County Regional Airport Authority		Gil Cabrera (Primary)	No
		James Sly (Alternate)	No
Mexico	Consul General	Alicia Kerber-Palma (Primary)	No
	Deputy Consul General	Gilberto Luna (Alternate)	No

Southern California Tribal Chairman's Association	Chairman	Raymond Welch (Primary)	No
	Chairwoman	Erica Pinto (Alternate)	No
Association of Planning Groups – San Diego County	Chairwoman	Robin Joy Maxon (Primary)	Yes
		Eileen Delaney (Alternate)	Yes

May 2, 2025, Board of Directors Retreat Minutes

[View Meeting Video](#)

Chair Lesa Heebner (Solana Beach) called the Retreat of the Board of Directors to order at 8:38 a.m.

1. Non-Agenda Public Comments/Member Comment

Public comments: Katheryn Rhodes, Truth, Marco Espinosa.

Member comments: None.

2. SANDAG Board of Directors Workshop

The Board of Directors participated in roundtable discussions and informational sessions focused on agency mandates, regional priorities, and cross-jurisdictional collaboration. Sessions included discussion on the TransNet Program, budget funding, and budget priorities.

Public comments: Katheryn Rhodes, Truth.

3. Adjournment

The next Board meeting is Friday, May 9, 2025, at 10:30 a.m.

Chair Heebner adjourned Day 2 of the Retreat at 12:20 p.m.

Board of Directors Retreat Attendance - Day 2

May 2, 2025

Board of Directors	Title	Name	Attended
City of Carlsbad	Councilmember	Kevin Shin (Primary)	Yes
	Mayor Pro Tem	Priya Bhat-Patel (1st Alt.)	No
	Mayor	Keith Blackburn (2nd Alt.)	No
City of Chula Vista	Deputy Mayor	Carolina Chavez (Primary)	Yes
	Councilmember	Cesar Fernandez (1st Alt.)	No
	Councilmember	Michael Inzunza (2nd Alt.)	No
City of Coronado	Mayor	John Duncan (Primary)	No
	Councilmember	Carrie Downey (1st Alt.)	Yes
	Councilmember	Mark Fleming (2nd Alt.)	No
	Councilmember	Amy Steward (3rd Alt.)	No
County of San Diego (Seat A)	Supervisor	Vacant (Primary)	--
	Supervisor	Terra Lawson-Remer (1st Alt.)	No
	Supervisor	Monica Montgomery Steppe (2nd Alt.)	No
County of San Diego (Seat B)	Supervisor	Joel Anderson (Primary)	Yes
	Supervisor	Terra Lawson-Remer (1st Alt.)	No
	Supervisor	Monica Montgomery Steppe (2nd Alt.)	No
City of Del Mar	Mayor	Terry Gaasterland (Primary)	No
	Deputy Mayor	Tracy Martinez (1st Alt.)	No
	Councilmember	John Spelich (2nd Alt)	No
City of El Cajon	Mayor	Bill Wells (Primary)	No
	Councilmember	Steve Goble (Alternate)	No
City of Encinitas	Mayor	Bruce Ehlers (Primary)	Yes
	Councilmember	Marco San Antonio (1st Alt.)	No
	Deputy Mayor	Joy Lyndes (2nd Alt.)	No
City of Escondido	Mayor	Dane White (Primary)	No
	Councilmember	Judy Fitzgerald (1st Alt.)	No
	Councilmember	Joe Garcia (2nd Alt.)	No

City of Imperial Beach	Councilmember	Jack Fisher (Primary)	Yes
	Councilmember	Mitch McKay (1st Alt.)	No
	Councilmember	Matthew Leyba-Gonzalez (2nd Alt.)	No
City of La Mesa	Mayor	Mark Arapostathis (Primary)	No
	Councilmember	Lauren Cazares (1st Alt.)	Yes
	Councilmember	Laura Lothian (2nd Alt.)	No
City of Lemon Grove	Mayor	Alysson Snow (Primary)	Yes
	Mayor Pro Tem	Jennifer Mendoza (1st Alt.)	No
	Councilmember	Jessyka Heredia (2nd Alt.)	Yes
City of National City	Councilmember	Luz Molina (Primary)	Yes
	Mayor	Ron Morrison (1st Alt.)	No
	Councilmember	Ditas Yamane (2nd Alt.)	No
City of Oceanside	Mayor	Esther Sanchez (Primary)	Yes
	Deputy Mayor	Eric Joyce (1st Alt.)	No
	Councilmember	Jimmy Figueroa (2nd Alt.)	No
City of Poway	Mayor	Steve Vaus (Primary)	No
	Deputy Mayor	Peter De Hoff (1st Alt.)	No
	Councilmember	Christopher Pikus (2nd Alt.)	No
City of San Diego (Seat A)	Vice Chair, Council President	Joe LaCava (Primary)	Yes
	Councilmember	Vivian Moreno (1st Alt.)	No
	Councilmember	Sean Elo-Rivero (2nd Alt.)	No
City of San Diego (Seat B)	Mayor	Todd Gloria (Primary)	No
	Council President Pro Tem	Kent Lee (1st Alt.)	Yes
	Councilmember	Marni Von Wilpert (2nd Alt.)	No
City of San Marcos	Mayor	Rebecca Jones (Primary)	No
	Councilmember	Ed Musgrove (1st Alt.)	No
	Councilmember	Mike Sannella (2nd Alt.)	No
City of Santee	Second Vice Chair, Mayor	John Minto (Primary)	Yes
	Councilmember	Laura Koval (1st Alt.)	No
	Councilmember	Ronn Hall (2nd Alt.)	No

City of Solana Beach	Chair, Mayor	Lesa Heebner (Primary)	Yes
	Councilmember	David Zito (1st Alt.)	Yes
	Councilmember	Jewel Edson (2nd Alt.)	Yes
City of Vista	Deputy Mayor	Katie Melendez (Primary)	No
	Councilmember	Dan O'Donnell (1st Alt.)	No
	Mayor	John Franklin (2nd Alt.)	No

Advisory Members	Title	Name	Attended
Caltrans	Director	Ann Fox (Primary)	Yes
	Deputy District Director	Melina Pereira (Alternate)	No
Metropolitan Transit System	Councilmember	Matthew Leyba-Gonzalez (Primary)	No
	Mayor Pro Tem	Patricia Dillard (1st Alt.)	No
	Councilmember	Ronn Hall (2nd Alt.)	No
North County Transit District	Councilmember	Jewel Edson (Primary)	Yes
	Mayor Pro Tem	Priya Bhat-Patel (1st Alt.)	No
	Councilmember	Mike Sannella (2nd Alt.)	No
Imperial County	Supervisor	Jesus Eduardo Escobar (Primary)	No
U.S. Department of Defense	Executive Director	Dennis Keck (Primary)	No
		Anna Shepherd (Alternate)	Yes
		Muska Laiq (Alternate)	No
Port of San Diego	Commissioner	Dan Malcolm (Primary)	No
		Job Nelson (Alternate)	No
San Diego County Water Authority		Joy Lyndes (Primary)	Yes
		Joel Scalzitti (1st Alt.)	No
		Valentine Macedo Jr. (2nd Alt.)	No
San Diego County Regional Airport Authority		Gil Cabrera (Primary)	No
		James Sly (Alternate)	Yes
Mexico	Consul General	Alicia Kerber-Palma (Primary)	No
	Deputy Consul General	Gilberto Luna (Alternate)	No

Southern California Tribal Chairman's Association	Chairman	Raymond Welch (Primary)	No
	Chairwoman	Erica Pinto (Alternate)	No
Association of Planning Groups – San Diego County	Chairwoman	Robin Joy Maxon (Primary)	Yes
		Eileen Delaney (Alternate)	No

May 9, 2025, Board of Directors Meeting Minutes

[View Meeting Video](#)

Chair Lesa Heebner (Solana Beach) called the meeting of the Board of Directors to order at 10:40 a.m.

1. Non-Agenda Public Comments / Member Comments

Public Comments: Truth, Allegedly Audra, Purita Javier, Cesar Javier, Paul the Bold, Consuelo, Blair Beekman, and Gambler.

Member Comments: Ann Fox (Caltrans), Gil Cabrera (San Diego County Regional Airport Authority), and Mayor Rebecca Jones (San Marcos).

Chief Executive Officer Mario Orso provided an update on agency activities.

Consent

2. Approval of Meeting Minutes

The Board of Directors was asked to approve the minutes from its April 25, 2025, meeting.

3. Meetings and Events Attended on Behalf of SANDAG

This report provided an update on meetings and events attended by Board members.

4. Policy Advisory Committee Actions

The Board of Directors was asked to ratify the actions taken by the Policy Advisory Committees as noted in the report.

Public Comments: Truth, Allegedly Audra, Cesar Javier, Paul the Bold, Consuelo, Blair Beekman, and Gambler.

Action: Upon a motion by Second Vice Chair John Minto (Santee) and a second by Mayor Esther Sanchez (Oceanside), the Board voted to approve the Consent agenda.

The motion passed.

Yes: Chair Heebner, Vice Chair Joe LaCava (City of San Diego), Second Vice Chair Minto, Councilmember Kevin Shin (Carlsbad), Deputy Mayor Carolina Chavez (Chula Vista), Mayor John Duncan (Coronado), Mayor Terry Gaasterland (Del Mar), Mayor Bill Wells (El Cajon), Mayor Bruce Ehlers (Encinitas), Mayor Dane White (Escondido), Councilmember Mitch McKay (Imperial Beach), Mayor Alysson Snow (Lemon Grove), Councilmember Luz Molina (National City), Mayor Sanchez, Mayor Steve Vaus (Poway), Mayor Jones, and Deputy Mayor Katie Melendez (Vista).

No: None.

Abstain: None.

Absent: County of San Diego and La Mesa.

Reports

5. Proposed Final FY 2026 Program Budget and Related Reports

5A. FY 2025 SANDAG Vacancies, Recruitment, and Retention Efforts

This report provided an overview of SANDAG vacancies, recruitment, and retention efforts.

Action: Information

5B. Proposed Final FY 2026 Program Budget

The Board of Directors was asked to adopt Regional Transportation Commission (RTC) Resolution No. RTC-2025-05, adopting the Final FY 2026 Program Budget.

Public Comments: Truth, Allegedly Audra, Cesar Javier, Guadalupe Rojas, Karely Serrano, Karla Navarro, Paul the Bold, Alex Homond Wong, Gambler, Blair Beekman, and Consuelo.

Action: Upon a motion by Vice Chair LaCava and a second by Mayor Sanchez, the Board voted to extend their meeting until 1 p.m.

The motion passed.

Yes: Chair Heebner, Vice Chair LaCava, Second Vice Chair Minto, Councilmember Shin, Deputy Mayor Chavez, Mayor Duncan, Mayor Wells, Mayor Ehlers, Mayor White, Councilmember McKay, Mayor Snow, Councilmember Molina, Mayor Sanchez, Mayor Vaus, and Mayor Jones.

No: None.

Abstain: None.

Absent: County of San Diego, Del Mar, La Mesa, and Vista.

Action: Upon a motion by Vice Chair LaCava, and a second by Deputy Mayor Chavez, the Board voted to adopt the Final FY 2026 Program Budget.

The motion passed.

Yes: Chair Heebner, Vice Chair LaCava, Second Vice Chair Minto, Councilmember Shin, Deputy Mayor Chavez, Mayor Duncan, Mayor Wells, Mayor Ehlers, Councilmember McKay, Mayor Snow, Councilmember Molina, Mayor Sanchez, and Mayor Jones.

No: Mayor White.

Abstain: None.

Absent: County of San Diego, Del Mar, La Mesa, Poway, and Vista.

6. Adjournment

The next Board of Directors meeting is Friday, May 23, 2025, at 9 a.m.

Chair Heebner adjourned the meeting at 12:55 p.m.

Confirmed Attendance at SANDAG Board of Directors Meeting

Board of Directors	Title	Name	Attend
City of Carlsbad	Councilmember	Kevin Shin (Primary)	Yes
City of Chula Vista	Deputy Mayor	Carolina Chavez (Primary)	Yes
City of Coronado	Mayor	John Duncan (Primary)	Yes
County of San Diego	Supervisor	Vacant (Primary)	
County of San Diego	Supervisor	Joel Anderson (Primary)	No
City of Del Mar	Mayor	Terry Gaasterland (Primary)	Yes
City of El Cajon	Mayor	Bill Wells (Primary)	Yes
City of Encinitas	Mayor	Bruce Ehlers (Primary)	Yes
City of Escondido	Councilmember	Dane White (Primary)	Yes
City of Imperial Beach	Councilmember	Mitch McKay (Alternate)	Yes
City of La Mesa	Mayor	Mark Arapostathis (Primary)	No
City of Lemon Grove	Mayor	Alysson Snow (Primary)	Yes
City of National City	Councilmember	Luz Molina (Primary)	Yes
City of Oceanside	Mayor	Esther Sanchez (Primary)	Yes
City of Poway	Mayor	Steve Vaus (Primary)	Yes
City of San Diego	Council President Pro Tem	Kent Lee (Alternate)	No
City of San Diego	Vice Chair	Joe LaCava (Primary)	Yes
City of San Marcos	Mayor	Rebecca Jones (Primary)	Yes
City of Santee	Mayor	John Minto (Primary)	Yes
City of Solana Beach	Chair	Lesa Heebner (Primary)	Yes
City of Vista	Deputy Mayor	Katie Melendez (Primary)	Yes
Caltrans	Executive Director	Ann Fox (Primary)	Yes
Metropolitan Transit System	Deputy Mayor	Matthew Leyba-Gonzalez (Primary)	No
North County Transit District	Councilmember	Jewel Edson (Primary)	Yes
Imperial County	Supervisor	Jesus Eduardo Escobar (Primary)	No
U.S. Department of Defense		Anna Shepherd (Alternate)	Yes
Port of San Diego	Commissioner	Dan Malcolm (Primary)	Yes
San Diego County Water Authority		Patricia Dillard (Primary)	No
SDCRAA	Director	Gil Cabrera (Primary)	Yes
Mexico	Consul General	Alicia Kerber (Primary)	No
SCTCA	Chairwoman	Raymond Welch (Primary)	Yes
Association of Planning Groups	Chairwoman	Robin Joy Maxson (Primary)	Yes

Chief Executive Officer Delegated Actions

Overview

Various Board Policies require the Chief Executive Officer to report certain actions to the Board of Directors monthly or upon taking specified actions.

Delegated Actions

Investment Transactions: [Board Policy No. 003](#), Section 11.2, states that a monthly report of all investment transactions shall be submitted to the Board. Attachment 1 contains the reportable investment transactions for April 2025.

Legal Matters: [Board Policy No. 008](#), Section 6.2, authorizes the Office of the General Counsel or outside counsel to file documents and make appearances on behalf of the agency in court proceedings.

Action: Information

In accordance with various Board Policies, this report summarizes delegated actions taken by the Chief Executive Officer.

Impact:

One security reached maturity and two securities were sold in April for a total of \$16.5 million, and three securities were purchased for \$12.9 million, providing approximately \$3.6 million of liquidity to SANDAG.

Schedule/Scope Impact:

None

In the matter of *Kelsoe v. SANDAG* (Superior Ct. Case No. 2024-0005322), the following actions were taken by London Fisher on behalf of SANDAG:

- On April 16, 2025, filed a Judgment
- On May 6, 2025, filed a Notice of Entry of Judgment or Order

In the matter of *Osmon v. City of San Diego* (Superior Ct. Case No. 2020-00018911), the following actions were taken by BDG Law Group on behalf of SANDAG:

- On April 11, 2025 attended Motion Hearing re Plaintiff's Motion re Defendant MCTC's Peremptory Challenge and Motion to Dismiss re 5-year Rule
- On May 2, 2025, attended a Case Management Conference

Relief from Maintenance and Responsibility: [Board Policy No. 016](#), Section 3.11, authorizes the Chief Executive Officer to consider granting relief from maintenance and responsibility on major elements of each major construction project as permitted in the contract specifications. The following Relief was granted.

- In a letter dated April 24, 2025, Mid-Coast Transit Constructors was granted Acceptance and full Relief From Maintenance and Responsibility for the Mid-Coast Transit Project Supplement 4: Mid-Coast North and South Project – Effective August 9, 2024 (CIP 1257001, Contract No. 5008600-S4). [Also see the Acceptance below.]

Acceptance of Work: [Board Policy No. 016](#), Section 3.12, authorizes the Chief Executive Officer to accept the entire work on major construction contracts, provided that the work has been completed, in all respects, in accordance with the contract plans and specifications. The following Acceptance was granted.

- In a letter dated April 24, 2025, Mid-Coast Transit Constructors was granted Acceptance and full Relief From Maintenance and Responsibility for the Mid-Coast Transit Project Supplement 4: Mid-Coast North and South Project – Effective August 9, 2024 (CIP 1257001, Contract No. 5008600-S4). The contract value was \$1,167,505,844.07.

Budget Modifications: [Board Policy No. 017](#), Section 4.1, authorizes the Chief Executive Officer to enter into agreements not currently incorporated in the budget and make other modifications to the budget in an amount up to \$300,000 per project per fiscal year so long as the overall annual budget remains in balance. Actions taken since the last regular meeting of the Board are shown in Attachment 2.

Right-of-Way Certification: [Board Policy No. 017](#), Section 4.15, authorizes the Chief Executive Officer to execute right-of-way certifications for submittal to the California Department of Transportation, and take all other actions necessary to facilitate the timely filing of such certifications for SANDAG projects that are either on the State Highway System or for those off-system projects with federal funding. The following Caltrans 13-B right-of-way certification was approved.

- Bayshore Bikeway: Barrio Logan Phase 2, CIP 1223096, Federal ID No. ATPL-6066(216), Cert. No. 1, approved on April 16, 2025.

Regional Transportation Improvement Program Administrative Modification: Regional Transportation Commission (RTC) Resolution No. RTC-2020-01 authorizes the Chief Executive Officer to approve administrative modifications to the Regional Transportation Improvement Program (RTIP). Changes are authorized by the requesting agencies by resolution or approved policy.

- Administrative Modification No. 6 was approved on April 16, 2025. Table 1 (Attachment 3) summarizes the changes made to 1 project and 2 grouped listings in the region.

Administrative Policies: The [SANDAG Bylaws](#), Article V, Section 4d, states the Executive Director is enabled to develop and maintain an Employee Handbook, as well as all other administrative policies governing the administrative procedures of SANDAG. In accordance with the administrative policies noted below, quarterly reports are prepared for the Board. The reports for FY 2025, Q3 are shown in Attachment 4.

- Purchase Card Policy: pertains to the issuance, use, and reporting of transactions made using SANDAG credit cards
- Hospitality and Events Policy: pertains to the purchase of food and beverage for SANDAG meetings and events
- Business Meals Policy: pertains to hosting of meals for the purpose of conducting agency business

Mario Orso, Chief Executive Officer/Director

Attachments: 1. Investment Securities Transactions Activity - April 2025
 2. Budget Transfers and Amendments - March 2025
 3. 2025 RTIP Amendment No. 6 - Table 1
 4. Administrative Policy Actions - FY 2025, Q3

MONTHLY ACTIVITY FOR INVESTMENT SECURITIES TRANSACTIONS
APRIL 1 THROUGH APRIL 30

Transaction Date	Security/Coupon/Maturity Date	Par Value	Original Cost
BOUGHT			
04/15/25	F H L B DEB 4.800% 3/06/28	\$ 4,250,000.00	\$ 4,274,650.00
04/16/25	F H L M C M T N 4.030% 10/10/29	4,250,000.00	4,198,320.00
04/29/25	F H L M C MLTCL MTG 5.400% 1/25/29	4,250,000.00	4,398,916.02
	TOTAL BOUGHT:	<u>\$ 12,750,000.00</u>	<u>\$ 12,871,886.02</u>
MATURED			
04/30/25	U S TREASURY NT 0.375% 4/30/25	\$ 5,000,000.00	\$ 4,657,812.50
	TOTAL MATURED:	<u>\$ 5,000,000.00</u>	<u>\$ 4,657,812.50</u>
SOLD			
04/09/25	U S TREASURY NT 3.875% 9/30/29	\$ 6,700,000.00	\$ 6,624,909.16
04/16/25	U S TREASURY BD 5.500% 8/15/28	4,600,000.00	4,837,921.66
	TOTAL SOLD:	<u>\$ 11,300,000.00</u>	<u>\$ 11,462,830.82</u>

FY 2025 BUDGET TRANSFERS AND AMENDMENTS
in '000s

PROJECT NUMBER	PROJECT NAME	CURRENT BUDGET	NEW BUDGET	CHANGE	EXPLANATION
1041502	Superloop	\$35,188	\$35,154	(\$34)	The project has been completed. Project financials have been closed, and savings were returned to the TransNet fund balance.
1147500	Division 6 Bus Maintenance Facility	\$415	\$348	(\$67)	This project has been completed. Since the MTS funds were on a reimbursable basis, this update aligns the current budget with actuals and closes the project in SANDAG's financial system.

Table 1 - Summary of Changes Report (\$000)
2025 Regional Transportation Improvement Program Amendment No. 6

Project ID	Lead Agency	Project Title	Total Programmed Before	Total Programmed Revised	Cost Difference	Percent Change	Change Description
CAL44	Caltrans	Grouped Projects for Bridge Rehabilitation and Reconstruction - Highway Bridge Program	\$233,865	\$233,865	\$0	0%	Revised Highway Bridge Program and Local Funds between fiscal years to align with Highway Bridge Program listing dated 3/24/2025
CAL46E	Caltrans	Grouped Projects for Pavement Resurfacing and/or Rehabilitation - SHOPP Roadway Preservation Program	\$777,724	\$883,334	\$105,610	14%	Increased SHOPP(AC)-Roadway Preservation NHS and SHOPP - SB1 - Roadway Maintenance Rehabilitation Account funding in preparation for advertising for construction in June 2025
V11	Various Agencies	State Route 11	\$1,208,187	\$1,208,187	\$0	0%	Revised Corridors and Borders Infrastructure Program funding between fiscal years to cover expenditures

Abbreviation	Fund Type
BIP/CBI	Border Infrastructure Program/Corridors and Borders Infrastructure Program
HBP	Highway Bridge Program under SAFETEA-LU
Local Funds	Funds available from other sources such as developer fees, fare revenue or general fund
SHOPP - Roadway Preservation	State Highway Operation and Protection Program - Roadway Preservation
SHOPP - SB1 - RMRA	State Highway Operation and Protection Program - Roadway Maintenance and Rehabilitation Account

SANDAG Business Meal Expenses

Quarterly Report for period January 1 through March 31, 2025

From Business Meals Policy: To ensure transparency regarding the use of SANDAG funds for business meals, the CFO shall prepare a quarterly report for the Board of Directors. The report shall include details of each business meal hosted, including date, location, attendees, cost, and the purpose and/or actual benefits derived from the meeting.

January 2025

Executive Host	Date	Meal Type	Location	Number of Attendees	Attendee Names/Affiliations	Purpose/Benefits Derived	Total Cost of Business Meal	Amount Reimbursed
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No business meals were hosted in January 2025.

Total monthly Business Meal expenses: **\$0.00**

February 2025

Executive Host	Date	Meal Type	Location	Number of Attendees	Attendee Names/Affiliations	Purpose/Benefits Derived	Total Cost of Business Meal	Amount Reimbursed
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No business meals were hosted in February 2025.

Total monthly Business Meal expenses: **\$0.00**

March 2025

Executive Host	Date	Meal Type	Location	Number of Attendees	Attendee Names/Affiliations	Purpose/Benefits Derived	Total Cost of Business Meal	Amount Reimbursed
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No business meals were hosted in March 2025.

Total monthly Business Meal expenses: **\$0.00**

SANDAG Hospitality and Event Expenses

Quarterly Report for period January 1 through March 31, 2025

From Hospitality and Events Policy: To ensure transparency regarding the use of SANDAG funds for hospitality items, the CFO shall prepare a quarterly report for the Board of Directors. The report shall include details of all meetings and events where there were expenses for hospitality items, including date, location, description of attendees/participants, cost, and the purpose and/or benefits derived from the meeting/event.

January 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
TransNet Independent Taxpayer Oversight Committee Meeting	1/8/2025	SANDAG, Board Room	ITOC members	Regular ITOC meetings support an enhanced level of accountability for expenditure of TransNet funds, as outlined in the TransNet Ordinance and Expenditure Plan.	6	\$92.69
Board of Directors Meeting	1/10/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$432.12
Transportation Committee Meeting	1/17/2025	SANDAG, Board Room	Transportation Committee members	Transportation Committee meetings serve as a forum for the discussion and recommendation of policies related to transportation, and for the oversight of regional transportation planning and programming efforts.	15	\$166.16
Audit Committee Meeting	1/17/2025	SANDAG, Board Room	Audit Committee members	Audit Committee meetings support oversight of the Independent Performance Auditor and serve as a forum for the recommendation of internal control guidelines, the annual audit plan and annual financial statement audits.	9	\$76.57
Board of Directors Meeting	1/24/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$398.36

January 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
Board of Directors Meeting	1/31/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$334.81

Total monthly Hospitality and Event expenses: **\$1,500.71**

Notes:

1. SANDAG uses the following rates as the per-person cap for food expenses, including fees, taxes, and gratuity, for meetings and events.
(Breakfast = \$19, Lunch = \$28, Dinner = \$57)

SANDAG Hospitality and Event Expenses

Quarterly Report for period January 1 through March 31, 2025

From Hospitality and Events Policy: To ensure transparency regarding the use of SANDAG funds for hospitality items, the CFO shall prepare a quarterly report for the Board of Directors. The report shall include details of all meetings and events where there were expenses for hospitality items, including date, location, description of attendees/participants, cost, and the purpose and/or benefits derived from the meeting/event.

February 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
Audit Committee Meeting	2/7/2025	SANDAG, Board Room	Audit Committee members	Audit Committee meetings support oversight of the Independent Performance Auditor and serve as a forum for the recommendation of internal control guidelines, the annual audit plan and annual financial statement audits.	10	\$65.12
Transportation Committee Meeting	2/7/2025	SANDAG, Board Room	Transportation Committee members	Transportation Committee meetings serve as a forum for the discussion and recommendation of policies related to transportation, and for the oversight of regional transportation planning and programming efforts.	16	\$104.20
Otay Mesa East Workshop	2/11/2025	525 B St., Suite 250 San Diego	Representatives from GSA, CBP, CHP, Caltrans, and SANDAG staff	Workshop held in preparation for the beginning of the construction phase of the Otay Mesa East Port of Entry project.	40	\$634.07 ²
San Diego Regional Climate Table Workshop	2/12/2025	Mission Valley Branch Library	Representatives from local jurisdictions, Community Based Organizations, and SANDAG staff	Grant-funded workshop to coordinate with local jurisdictions and CBOS on the Climate Action Roadmap - which will enable member agencies to be eligible for future federal EPA funds.	70	\$131.77
TransNet Independent Taxpayer Oversight Committee Meeting	2/12/2025	SANDAG, Conference Room 7	ITOC members	Regular ITOC meetings support an enhanced level of accountability for expenditure of TransNet funds, as outlined in the TransNet Ordinance and Expenditure Plan.	8	\$68.74

February 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
Otay Mesa East Workshop	2/12/2025	525 B St., Suite 250 San Diego	Representatives from GSA, CBP, CHP, Caltrans, and SANDAG staff	Workshop held in preparation for the begininng of the construction phase of the Otay Mesa East Port of Entry project.	40	\$634.07 ²
Otay Mesa East Workshop	2/13/2025	525 B St., Suite 250 San Diego	Representatives from GSA, CBP, CHP, Caltrans, and SANDAG staff	Workshop held in preparation for the begininng of the construction phase of the Otay Mesa East Port of Entry project.	40	\$634.07 ²
2025 Regional Plan Joint Working Group Forum	2/13/2025	San Diego Central Library	Representatives from local jurisdictions, elected officials, SANDAG Working Group members and SANDAG staff	Public meeting with SANDAG Working Groups to provide an update on the Draft 2025 Regional Plan and gather feedback prior to Policy Advisory Committee review.	120	\$190.20
Executive Committee Meeting	2/14/2025	SANDAG, Board Room	Executive Committee members	Executive Committee meetings support oversight of the preparation of the agency budget and work program, recommendations on legislative proposals and agency policies, and setting the Board of Directors agendas.	15	\$120.72
Board of Directors Meeting	2/14/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$281.67
Transportation Committee Meeting - Joint Session	2/21/2025	Caltrans District 11 Building	SANDAG Policy Advisory Committee members, SANDAG staff and members of the public	Joint Transportation, Borders, and Regional Planning Committees meeting to receive updates on the 2025 Regional Plan.	65	\$957.14

February 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
Public Safety Meeting	2/21/2025	SANDAG, Board Room	Public Safety Committee members	Public Safety Committee meetings support discussions around major policy-level matters related to public safety and foster collaboration that facilitates information exchange, effective use of technology, and objective monitoring and assessments to promote public safety and justice.	18	\$135.71
Board of Directors Meeting	2/28/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$848.41 ²

Total monthly Hospitality and Event expenses: **\$4,805.89**

Notes:

1. SANDAG uses the following rates as the per-person cap for food expenses, including fees, taxes, and gratuity, for meetings and events.

2. Cost reflects breakfast and lunch

SANDAG Hospitality and Event Expenses

Quarterly Report for period January 1 through March 31, 2025

From Hospitality and Events Policy: To ensure transparency regarding the use of SANDAG funds for hospitality items, the CFO shall prepare a quarterly report for the Board of Directors. The report shall include details of all meetings and events where there were expenses for hospitality items, including date, location, description of attendees/participants, cost, and the purpose and/or benefits derived from the meeting/event.

March 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
Audit Committee Meeting	3/7/2025	SANDAG, Board Room	Audit Committee members	Audit Committee meetings support oversight of the Independent Performance Auditor and serve as a forum for the recommendation of internal control guidelines, the annual audit plan and annual financial statement audits.	8	\$65.18
Regional Planning Committee	3/7/2025	SANDAG, Board Room	Regional Planning Committee	Regional Planning Committee meetings support the review of transportation, housing, environment, and regional infrastructure needs by the agency and/or its member agencies.	12	\$92.37
TransNet Independent Taxpayer Oversight Committee Meeting	3/12/2025	SANDAG, Board Room	ITOC members	Regular ITOC meetings support an enhanced level of accountability for expenditure of TransNet funds, as outlined in the TransNet Ordinance and Expenditure Plan.	8	\$88.85
Executive Committee Meeting	3/14/2025	SANDAG, Board Room	Executive Committee members	Executive Committee meetings support oversight of the preparation of the agency budget and work program, recommendations on legislative proposals and agency policies, and setting the Board of Directors agendas.	15	\$136.89
Board of Directors Meeting	3/14/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$319.42
Otay Mesa East Workshop	3/18/2025	401 B St. San Diego	Representatives from GSA, CBP, and SANDAG staff	Workshop held in preparation for the beginning of the construction phase of the Otay Mesa East Port of Entry project.	20	\$525.60

March 2025

Meeting/Event	Date	Location	Description of Attendees/Participants	Purpose/Benefits Derived	Number of Attendees	Cost ¹
Otay Mesa East Workshop	3/19/2025	401 B St. San Diego	Representatives from GSA, CBP, and SANDAG staff	Workshop held in preparation for the beginning of the construction phase of the Otay Mesa East Port of Entry project.	20	\$504.25
Transportation Committee Meeting	3/21/2025	SANDAG, Board Room	Transportation Committee members	Transportation Committee meetings serve as a forum for the discussion and recommendation of policies related to transportation, and for the oversight of regional transportation planning and programming efforts.	15	\$151.16
Public Safety Committee	3/21/2025	SANDAG, Board Room	Public Safety Committee members	Public Safety Committee meetings support discussions around major policy-level matters related to public safety and foster collaboration that facilitates information exchange, effective use of technology, and objective monitoring and assessments to promote public safety and justice.	18	\$183.57
Board of Directors Meeting	3/28/2025	SANDAG, Board Room	SANDAG Board members	Board of Directors meetings provide the public forum for policy decision-making on significant regional issues.	35	\$344.79
Borders Committee	3/28/2025	SANDAG, Board Room	Borders Committee members	Borders Committee meetings provide a public discussion forum regarding major interregional planning activities that impact the San Diego region.	15	\$148.26

Total monthly Hospitality and Event expenses: **\$2,560.34**

Notes:

1. SANDAG uses the following rates as the per-person cap for food expenses, including fees, taxes, and gratuity, for meetings and events.
(Breakfast = \$19, Lunch = \$28, Dinner = \$57)

SANDAG Purchase Card Program

Quarterly Report for period January 1, 2025 - March 31, 2025

From Sections 11.2 and 11.3 of the P-card Policy: The Director of Accounting and Finance shall oversee the preparation of quarterly P-card program reports for review by the CFO and CEO, and for review by the Audit Committee and Board of Directors. The reports shall include the volume and total value of transactions for each cardholder; any purchases made for emergency/business continuity reasons; and any instances of misuse or non-compliance with the policy.

January 2025							
Cardholder	Program Area	Number of Transactions ¹	Value of Transactions ¹	Transactions Over \$10K	Emergency Purchases	Instances of Non-Compliance	Resolution/Notes
Anthony Lacsina	Information Technology	9	\$3,814.27	None	None	None	
Emilee Mullen	OIPA	1	\$725.00	None	None	None	
Jennifer Bailey	Executive Support	3	\$938.23	None	None	None	
Jessica Dennings-Cicourel	Executive Support	11	\$4,465.98	None	None	None	
Jennie Sharp	Executive Support	3	\$329.20	None	None	None	
Kassandra Befort	Executive Support	0	\$0.00	None	None	None	
Kami Leone	ARJIS	1	\$995.00	None	None	None	
Kimberly King	Human Resources	16	\$3,644.62	None	None	None	
Mike Stopani	SR 125 Roadway Operations	12	\$3,815.12	None	None	None	
Silvia Olivarria	Regional Transportation Svs	2	\$716.35	None	None	None	
Tom Goggin	Facility & Business Services	13	\$1,943.81	None	None	None	
Total monthly spend using SANDAG credit cards:			\$21,387.58				

Notes:

1. The Number and Value of Transactions include both purchases and credits.

2. All purchases for Board/Employee travel are consistent with Board Policy No. 011 (Travel Expenses). This policy incorporates the GSA's Federal Travel Regulation which requires the purchase of coach class transportation, and sets location specific limits for lodging and per diem for meals.

SANDAG Purchase Card Program

Quarterly Report for period January 1, 2025 - March 31, 2025

From Sections 11.2 and 11.3 of the P-card Policy: The Director of Accounting and Finance shall oversee the preparation of quarterly P-card program reports for review by the CFO and CEO, and for review by the Audit Committee and Board of Directors. The reports shall include the volume and total value of transactions for each cardholder; any purchases made for emergency/business continuity reasons; and any instances of misuse or non-compliance with the policy.

February 2025							
Cardholder	Program Area	Number of Transactions ¹	Value of Transactions ¹	Transactions Over \$10K	Emergency Purchases	Instances of Non-Compliance	Resolution/Notes
Anthony Lacsina	Information Technology	17	\$9,943.29	None	None	None	
Emilee Mullen	OIPA	8	\$610.00	None	None	None	
Jennifer Bailey	Executive Support	5	\$2,136.47	None	None	None	
Jessica Dennings-Cicourel	Executive Support	6	\$2,472.20	None	None	None	
Jennie Sharp	Executive Support	13	\$7,665.23	None	None	None	
Kassandra Befort	Executive Support	3	\$196.00	None	None	None	
Kami Leone	ARJIS	13	\$8,796.21	None	None	YES	Professional development course was purchased prior to approval of request form, director approval was obtained before purchase
Kimberly King	Human Resources	12	\$7,320.51	None	None	None	
Mike Stopani	SR 125 Roadway Operations	33	\$10,679.99	None	None	None	
Silvia Olivarria	Regional Transportation Svs	0	\$0.00	None	None	None	
Thao Vu	Public Affairs	1	\$288.00	None	None	None	
Tom Goggin	Facility & Business Services	17	\$2,246.59	None	None	None	
Total monthly spend using SANDAG credit cards: \$ 52,354.49							

Notes:

1. The Number and Value of Transactions include both purchases and credits.

2. All purchases for Board/Employee travel are consistent with Board Policy No. 011 (Travel Expenses). This policy incorporates the GSA's Federal Travel Regulation which requires the purchase of coach class transportation, and sets location specific limits for lodging and per diem for meals.

SANDAG Purchase Card Program

Quarterly Report for period January 1, 2025 - March 31, 2025

From Sections 11.2 and 11.3 of the P-card Policy: The Director of Accounting and Finance shall oversee the preparation of quarterly P-card program reports for review by the CFO and CEO, and for review by the Audit Committee and Board of Directors. The reports shall include the volume and total value of transactions for each cardholder; any purchases made for emergency/business continuity reasons; and any instances of misuse or non-compliance with the policy.

March 2025							
Cardholder	Program Area	Number of Transactions ¹	Value of Transactions ¹	Transactions Over \$10K	Emergency Purchases	Instances of Non-Compliance	Resolution/Notes
Anthony Lacsina	Information Technology	19	\$16,768.17	None	None	None	
Emilee Mullen	OIPA	0	\$0.00	None	None	None	
Jennifer Bailey	Executive Support	15	\$4,716.25	None	None	None	Monthly reconciliation package was approved after due date
Jessica Dennings-Cicourel	Executive Support	23	\$8,811.45	None	None	None	
Jennie Sharp	Executive Support	7	\$3,345.74	None	None	None	
Kassandra Befort	Executive Support	7	\$3,716.55	None	None	None	
Kami Leone	ARJIS	7	\$7,535.44	None	None	None	
Kimberly King	Human Resources	18	\$6,236.78	None	None	None	Fraudulent charge reported to the bank and refunded in April 2025.
Mike Stopani	SR 125 Roadway Operations	15	\$11,649.97	None	None	None	
Silvia Olivarria	Regional Transportation Svs	0	\$0.00	None	None	None	
Thao Vu	Public Affairs	2	\$104.00	None	None	None	
Tom Goggin	Facility & Business Services	12	\$4,495.52	None	None	None	Monthly reconciliation package was approved after due date
Total monthly spend using SANDAG credit cards: \$ 67,379.87							

Notes:

1. The Number and Value of Transactions include both purchases and credits.

2. All purchases for Board/Employee travel are consistent with Board Policy No. 011 (Travel Expenses). This policy incorporates the GSA's Federal Travel Regulation which requires the purchase of coach class transportation, and sets location specific limits for lodging and per diem for meals.

Policy Advisory Committee Actions

Overview

[SANDAG Board Policy No. 001](#) delegates certain responsibilities to the Policy Advisory Committees to allow SANDAG to effectively address key public policy and funding responsibilities. All items delegated to the policy advisory committees are subject to ratification by the Board of Directors. Below are the delegated actions taken by the policy advisory committees that are subject to ratification.

The links provided below will navigate to the SANDAG web page where the meeting agenda and minutes (when available) will be posted. Any action taken that differs from those below will be reported to the Board at the May 23 meeting.

Action: **Approve**

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees as noted in the report.

Fiscal Impact:

None.

Schedule/Scope Impact:

None.

Transportation Committee – May 16, 2025

Approved a three-month retroactive time extension for the City of Lemon Grove and a six-month time extension for the County of San Diego for their Smart Growth Incentive Program projects.

Victoria Stackwick, Chief of Staff

Attachment: 1. Transportation Committee Report: SANDAG Grant Programs: Quarterly Status Update and Smart Growth Incentive Program Amendment Request



Transportation Committee

Item: **4**

May 16, 2025

SANDAG Grant Programs: Quarterly Status Update and the Smart Growth Incentive Program Amendment Requests

Overview

The [TransNet Extension Ordinance and Expenditure Plan](#) provides funding for competitive grant programs available to local jurisdictions, transit agencies, and nonprofit organizations that help implement the Regional Plan. The Transportation Committee (TC) has oversight over three grant programs solely supported by TransNet funds: [the Active Transportation Grant Program](#), [the Environmental Mitigation Program Land Management Grant Program](#), and the [Smart Growth Incentive Program \(STGP\)](#). Additionally, TC has oversight over the [Access for All \(AFA\) Grant Program](#) and [the Specialized Transportation Grant Program](#). AFA program funding comes from the California Public Utilities Commission while funding for the STGP comes from two sources: the Federal Transit Administration Section 5310 program and the TransNet Senior Mini-Grant Program.

Key Considerations

The Discussion Memo (Attachment 1) highlights grant project status changes during the reporting period (January 1 – March 31, 2025), while the Performance Measures Report (Attachment 2) provides grant program performance data and accomplishments.

The City of Lemon Grove requests a three-month retroactive extension for its Connect Main Street Phases I and II Project (a Smart Growth Incentive Program capital project). The grant expired on March 20, 2025, but Lemon Grove needs the extension to complete the construction punch list items, receive reimbursement for the construction costs, and close the project. Additional details are found in Attachment 3. The TransNet Independent Taxpayer Oversight Committee (ITOC) reviewed the request at its [April 9, 2025, meeting \(Item 8\)](#) and was supportive of the amendment.

The County of San Diego requests a six-month extension for its Community Based Transportation Project. This amendment requires approval by the TC because the project will not be completed by the three-year deadline required under Section 3.1.2 of [Board Policy No. 035](#). The County has faced contracting delays and additional internal coordination, which has led to the need for extra time to complete project deliverables. Additional details are found in Attachment 4.

Action: Approve

The TransNet Independent Taxpayer Oversight Committee recommends that the Transportation Committee approve a three-month retroactive time extension for the City of Lemon Grove and a six-month time extension for the County of San Diego for their Smart Growth Incentive Program projects.

Fiscal Impact:

None.

Schedule/Scope Impact:

During the reporting period (January 1 to March 31, 2025), two projects were completed, and eight were on the watch list.

If the Transportation Committee approves the City of Lemon Grove and the County of San Diego extension requests, the Smart Growth Incentive Program projects will be completed by June 2025 and March 2026, respectively.

Next Steps

If approved, staff will execute the amendments with the City of Lemon Grove and the County of San Diego. The next quarterly status update on grant programs will be provided to TC in September 2025. The next biannual report to ITOC will also be in September 2025, and a Regional Planning Committee Quarterly Grant Update will be provided in October 2025.

Susan Huntington, Director of Financial Planning, Budgets, and Grants

Attachments: 1. Discussion Memo
2. Performance Measures Report
3. City of Lemon Grove Amendment Request Letter
4. County of San Diego Amendment Request Letter

Transportation Development Act: FY 2025 Productivity Improvement Program and FY 2026 Allocations

Overview

The Transportation Development Act (TDA) provides one-quarter percent of the state sales tax for operating and capital support of public transportation systems and non-motorized transportation projects. SANDAG, as the designated Regional Transportation Planning Agency, is responsible for the allocation of TDA funds to the region's cities, county, transit operators, and the Consolidated Transportation Service Agency (CTSA).

Pursuant to California Public Utilities Code Section 99244, a transit operator can be allocated no more in a fiscal year than it was allocated in the previous fiscal year unless the region's transportation planning agency determines that the operator made a reasonable effort to implement the productivity improvement recommendations adopted after the last TDA triennial performance audit (completed in June 2022). The current iteration of the TDA triennial performance audit is ongoing, with new recommendations expected in June 2025. Implementing the new recommendations will be part of the following year's Productivity Improvement Program.

On February 14, 2025, the Board of Directors approved the TDA estimated apportionments for FY 2026 of \$127.968 million for the Metropolitan Transit System (MTS) and \$52.342 million for the North County Transit District (NCTD). The estimated apportionments for FY 2026 are less than the revised FY 2025 apportionments of \$132.698 million for MTS and \$54.586 million for NCTD.

Operator Performance Review

SANDAG evaluates operator effort by tracking performance measures over a rolling three-year period, as well as an annual review of actions taken by each operator to address recommendations received during the triennial audit. Based on the performance measures monitored as part of the TDA Productivity Improvement Program (Attachment 1), and the agencies' responses to the audit recommendations (Attachments 2 and 3), staff have determined that MTS and NCTD have made reasonable efforts toward achieving their FY 2025 productivity improvements and should be allocated their full allocation of FY 2026 TDA funds.

Action: **Approve**

The Transportation Committee recommends that the Board of Directors approve the eligibility of the Metropolitan Transit System and North County Transit District to receive their FY 2026 Transportation Development Act allocations of funds.

Fiscal Impact:

Approval of the requests will allow the requesting agencies to claim and receive their full FY 2026 Transportation Development Act revenue apportionment.

Schedule/Scope Impact:

None.

CTSA Performance Review

At the direction of the Transportation Committee, SANDAG amended its contract agreement with Facilitating Access to Coordinated Transportation (FACT), the designated CTSA for San Diego County, in June 2019 to add performance measures. FACT submits quarterly reports to SANDAG, and these reports enable SANDAG to monitor whether FACT is meeting all of the core functions in the CTSA contract agreement. A report on FACT's performance over the past three years is available in Attachment 4. The report shows that FACT is meeting its core functions but with notable decreases over the last two years in both the number of referrals and the number of agencies in its database contacted on a quarterly basis.

Unmet Transit Needs

SANDAG holds an annual public hearing to solicit feedback on the transportation needs of seniors, individuals with disabilities, and individuals of limited means through the Social Services Transportation Advisory Council (SSTAC). In response to a recommendation of the 2022 TDA triennial performance audit, SANDAG added a standing unmet transit needs item to each SSTAC meeting agenda. Comments received at each meeting in FY 2025 are included in Attachment 5.

Review of Board Policy No. 027 and TDA Claim Manual

As recommended in the 2022 TDA triennial performance audit, SANDAG is now conducting an annual review of its processes for TDA administration. There are no proposed changes to Board Policy No. 027 at this time. Staff plans to update the TDA Claim Manual to summarize the effects of recent legislation such as California Senate Bill 125 (Budget, 2023) and California Senate Bill 942 (Newman, 2022). The planned changes are described in Attachment 6, with the redline changes incorporated into the TDA Claim Manual in Attachment 7.

Next Steps

The Transportation Committee will be asked to recommend that the Board approve FY 2025 TDA claims at its June 20, 2025, meeting. Following this, the Board will be asked to approve the TDA claims at its June 27, 2025, meeting. Pending approval of the TDA claims by the Board on June 27, 2025, the County Auditor will disburse TDA monies in accordance with the allocation instructions from SANDAG. SANDAG staff will continue to monitor the performance indicators on a quarterly basis.

Antoinette Meier, Senior Director of Regional Planning

- Attachments:
1. FY 2025 Productivity Improvement Performance Measures Summary
 2. FY 2025 MTS Annual TDA Claim Form (Form B)
 3. FY 2025 NCTD Annual TDA Claim Form (Form B)
 4. FY 2025 CTSA Performance Monitoring Report
 5. FY 2025 Unmet Transit Needs
 6. Proposed Changes to TDA Claim Manual
 7. Draft TDA Manual

FY 2025 Productivity Improvement Performance Measures Summary

This summary provides an overview of the Metropolitan Transit System (MTS) and the North County Transit District's (NCTD) performance through Quarter 2 of FY 2025.

Background

[SANDAG Board Policy No. 018](#) establishes a requirement for annual and quarterly monitoring of transit performance for both the Metropolitan Transit System (MTS) and North County Transit District (NCTD) operations. Six performance indicators are evaluated for the quarterly review, which are consistent with the annual performance measures required by the TDA. These indicators are tracked for 13 quarters to provide year-over-year trends as well as quarter-to-quarter changes in performance.

Since SANDAG is responsible for regional transit fares, these indicators help determine if the agency is obtaining the desired results from the system and if overall performance is improving based on updated regional strategies or service operation plans. Also, these indicators evaluate the management of the transit system to help the transit agencies determine where improvements can be made.

The six TDA indicators monitored in this program are:

- Operating Cost Per Passenger (adjusted for annual inflation) – operating cost divided by the total passengers
- Operating Cost Per Revenue Hour (adjusted for annual inflation) – operating cost divided by the vehicle service hours
- Passengers Per Revenue Hour – total passengers divided by the vehicle service hours
- Passengers Per Revenue Mile – total passengers divided by the vehicle service miles
- Revenue Hours Per Employee – measures labor productivity by vehicle service hours divided by the number of employees employed in connection with the public transportation system, based on the assumption that 2,000 person-hours of work in one year constitute one employee.
- Farebox Recovery Ratio – ratio of fare revenues to operating cost

These performance indicators are measured separately for fixed-route services (NCTD SPRINTER, NCTD COASTER, NCTD Bus, MTS Trolley, MTS RAPID, and MTS Bus) and Americans with Disabilities Act (ADA) paratransit services (MTS ADA and NCTD ADA).

The transit industry has faced many challenges since the COVID-19 pandemic. Ridership (and revenue) declined sharply in March 2020 and has remained lower since. Recognizing the effect of the pandemic on transit revenues as well as the requirements set forth in the TDA, the Governor of California signed [California Assembly Bill 90 \(Ting, 2020\)](#) on June 29, 2020, which prohibits the imposition of penalties on transit operators who do not maintain their required farebox recovery ratios in 2020 and 2021. [California Assembly Bill 149 \(Newman, 2022\)](#) and [California Senate Bill 125 \(Budget, 2023\)](#) were passed in subsequent years to extend transit operator's exemptions from penalties or other revenue reduction provisions through the 2026 fiscal year. MTS and NCTD have implemented ridership recovery campaigns to limit ridership losses, and the agencies are seeing returns in ridership. This is shown in the positive changes in the performance metrics across the board for all services.

Both transit agencies also experienced difficulties as a result of the ongoing bus operator shortage. MTS and NCTD have made many efforts to attract and retain bus operators, including increasing hourly pay and providing signing bonuses. As a result, both agencies have seen a surge in the hiring and retention of

operators and have fully restored service to pre-pandemic levels. This improved service has coincided with increases in operating costs for almost all modes, as shown below.

Both agencies are expecting shortfalls in available revenues in coming years as one-time funding made available from the state and federal governments runs out. MTS and NCTD are proposing to conduct Comprehensive Operational Analyses that will analyze the transit system and determine what improvements could be made to make their networks more effective and efficient. In addition, SANDAG is proposing to study possible changes to regional transit fares in coordination with both transit operators that would affect ridership, revenue, and many other TDA performance measures listed below.

MTS FY 2025 Quarter 2 Performance

The results of the FY 2025 Quarter 2 MTS performance trend analysis indicate that over the three-year reporting period, operating cost per passenger is down for all modes while passengers per both mile and hour are up. Operating costs per revenue hour are up for Bus, Rapid, and Trolley, and down for Access. Revenue hours per employee are up for Rapid, Trolley, and Access and down for Bus.

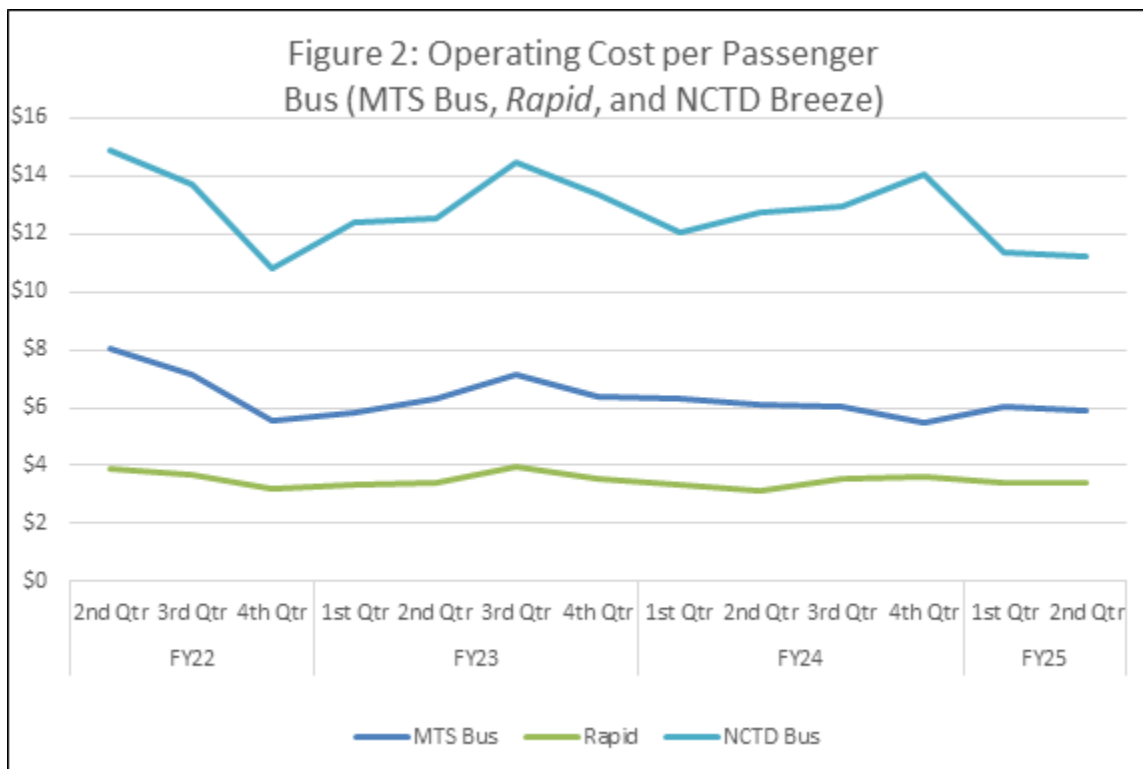
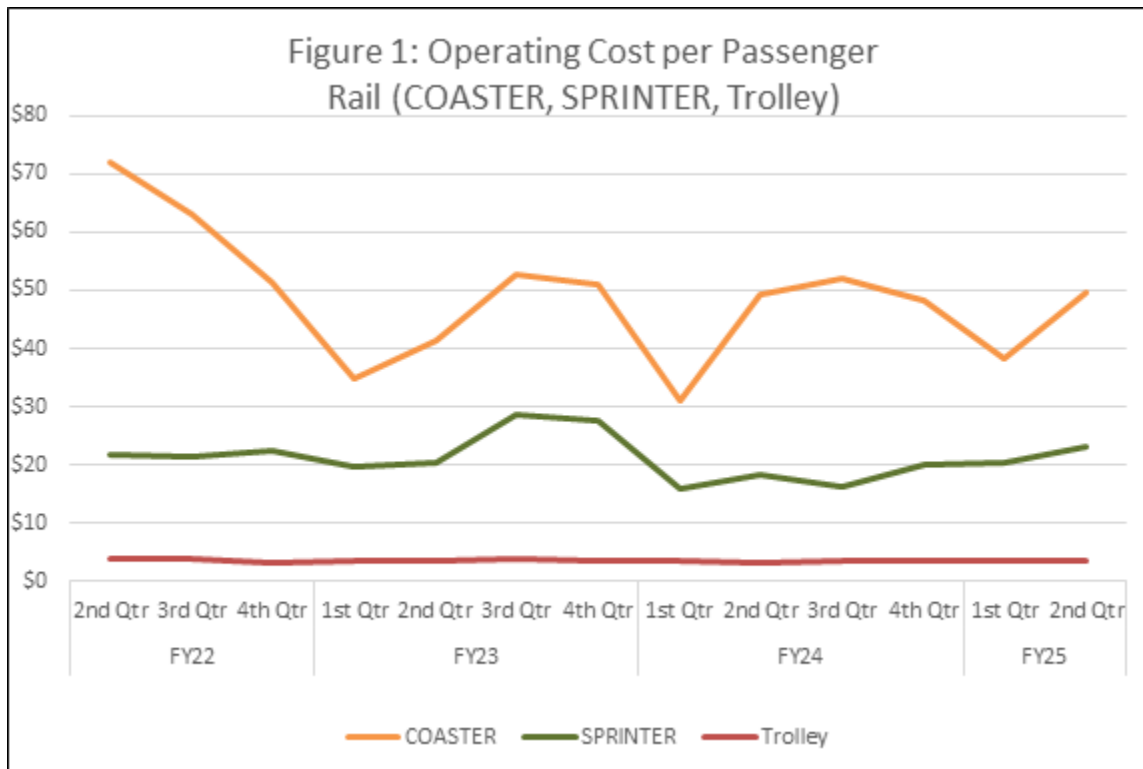
- MTS Bus has seen a 26.9 percent decrease in the operating cost per passenger, an 8.2 percent increase in the operating cost per revenue hour, a 48.1 percent increase in passengers per revenue hour, a 50.4 percent increase in passengers per revenue mile, and a 3.6 percent decrease in revenue hours per employee since Quarter 2 in FY 2022.
- MTS Rapid has seen a 30 percent decrease in the operating cost per passenger, a 3 percent increase in the operating cost per revenue hour, a 47.2 percent increase in passengers per revenue hour, a 46.3 percent increase in passengers per revenue mile, and a 12.1 percent increase in revenue hours per employee since Quarter 2 in FY 2022.
- MTS Trolley has seen a 13.3 percent decrease in the operating cost per passenger, a 19.6 percent increase in the operating cost per revenue hour, a 37.9 percent increase in passengers per revenue hour, a 36.1 percent increase in passengers per revenue mile, and a 4.7 percent increase in revenue hours per employee since Quarter 2 in FY 2022.
- MTS Access has seen a 19.7 percent decrease in the operating cost per passenger, a 17.3 percent decrease in the operating cost per revenue hour, a 3 percent increase in passengers per revenue hour, a 27.1 percent increase in passengers per revenue mile, and a 22.8 percent increase in revenue hours per employee since Quarter 2 in FY 2022.
- MTS farebox recovery rate for fixed-route services ended the quarter at 20 percent, meeting the 20 percent TDA minimum threshold required in years without exemptions and an increase from the rate of 18.7 percent in Quarter 2 of FY 2022. For ADA services, the farebox recovery rate ended the quarter at 7.1 percent, below the TDA minimum threshold of 10 percent and an increase from the rate of 6.1 percent in Quarter 2 of FY 2022.

NCTD FY 2025 Quarter 2 Performance

The results of the FY 2025 Quarter 4 NCTD performance trend analysis indicate that over the three-year reporting period, operating cost per passenger is down for COASTER, Bus, and LIFT, while up for SPRINTER. Operating cost per revenue hour is up for COASTER, SPRINTER, and Bus, while down for LIFT. Passengers per revenue hour and mile are up for most services, while revenue hours per employee are up for COASTER and Bus, and down for SPRINTER and LIFT.

- NCTD COASTER has seen a 31 percent decrease in the operating cost per passenger, a 13.4 percent increase in the operating cost per revenue hour, a 64.4 percent increase in passengers per revenue hour, a 114.3 percent increase in passengers per revenue mile, and a 56.2 percent increase in revenue hours per employee since Quarter 2 in FY 2022.
- NCTD SPRINTER has seen a 5.9 percent increase in the operating cost per passenger, a 75.5 percent increase in the operating cost per revenue hour, a 65.7 percent increase in passengers per revenue hour, a 150.3 percent increase in passengers per revenue mile, and a 37.3 percent decrease in revenue hours per employee since Quarter 2 in FY 2022.
- NCTD Bus (including BREEZE and FLEX) has seen a 24.7 percent decrease in the operating cost per passenger, a 4.8 percent increase in the operating cost per revenue hour, a 39.2 percent increase in passengers per revenue hour, a 46.1 percent increase in passengers per revenue mile, and a 5.1 percent increase in revenue hours per employee since Quarter 2 in FY 2022.
- NCTD LIFT has seen a 14.2 percent decrease in the operating cost per passenger, a 1.2 percent decrease in the operating cost per revenue hour, a 15.1 percent increase in passengers per revenue hour, a 16 percent increase in passengers per revenue mile, and a 30.5 percent decrease in revenue hours per employee since Quarter 2 in FY 2022.
- NCTD farebox recovery rate for fixed-route services ended the quarter at 7.7 percent, below the 18.8 percent TDA minimum threshold required in years without exemptions and an increase from the rate of 6.7 percent in Quarter 2 of FY 2022. For ADA services, the farebox recovery rate ended the quarter at 4.7 percent, below the TDA minimum threshold of 10 percent and a decrease from the rate of 6.7 percent in Quarter 2 of FY 2022.

Charts by Mode



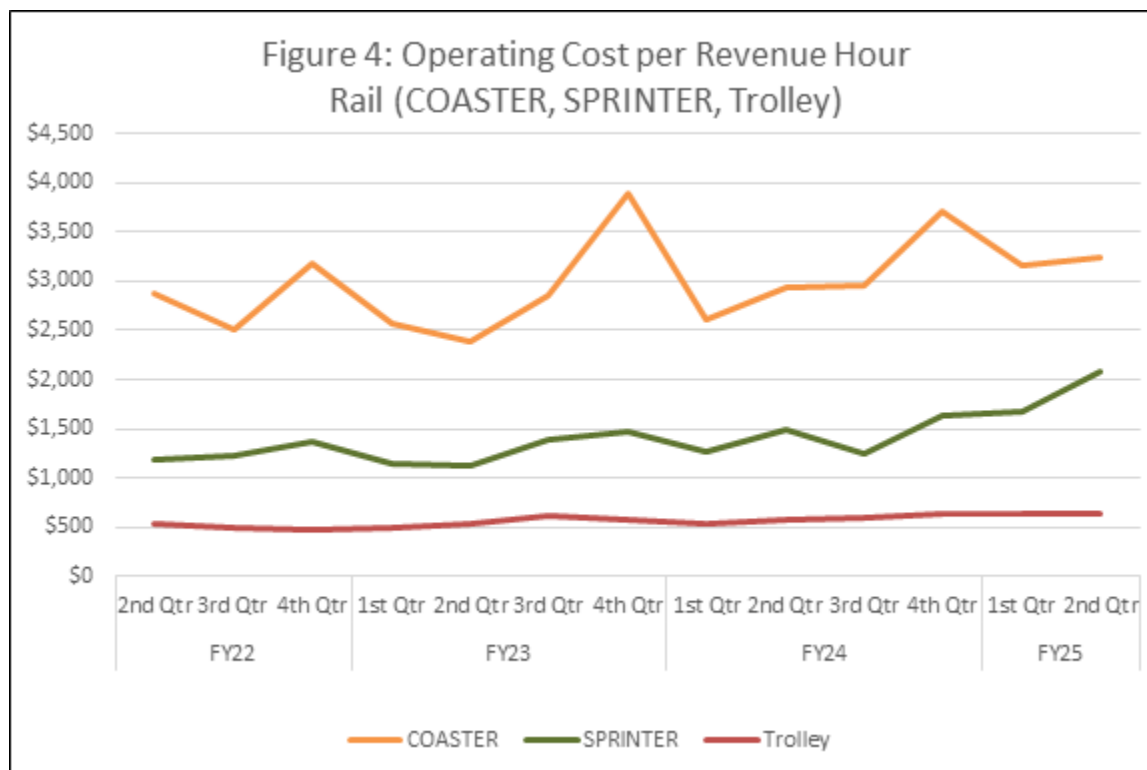
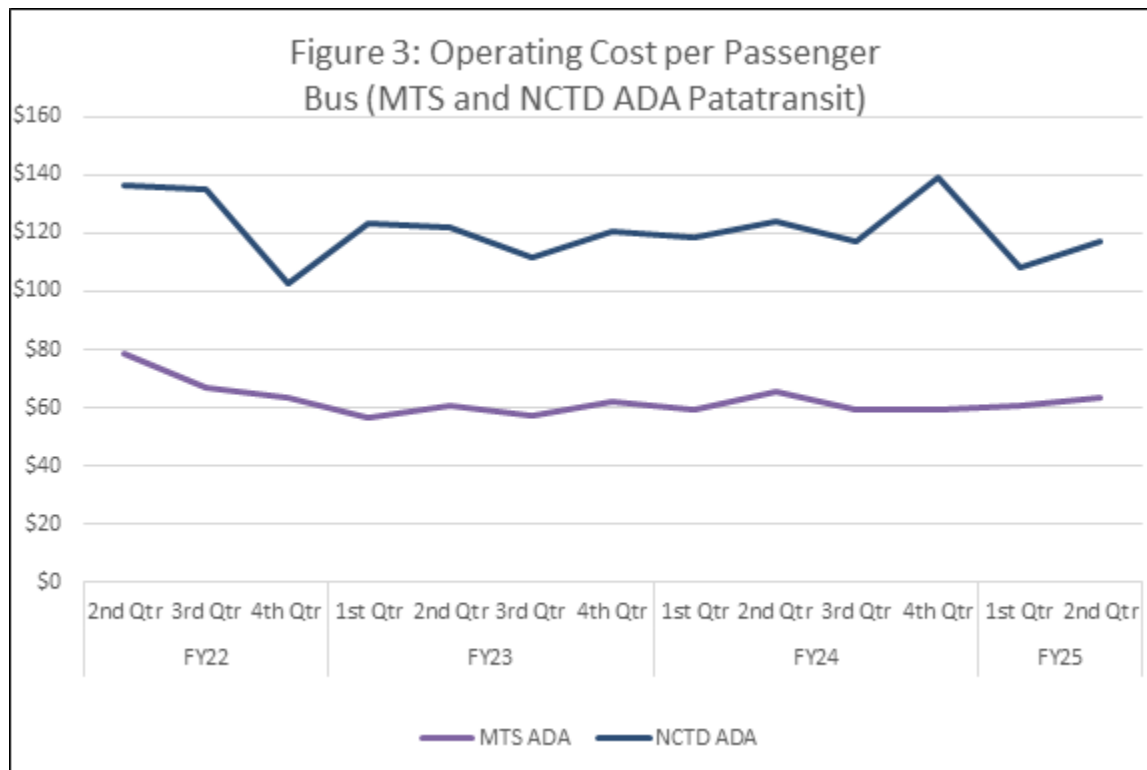


Figure 5: Operating Cost per Revenue Hour
Bus (MTS Bus, *Rapid*, and NCTD Breeze)

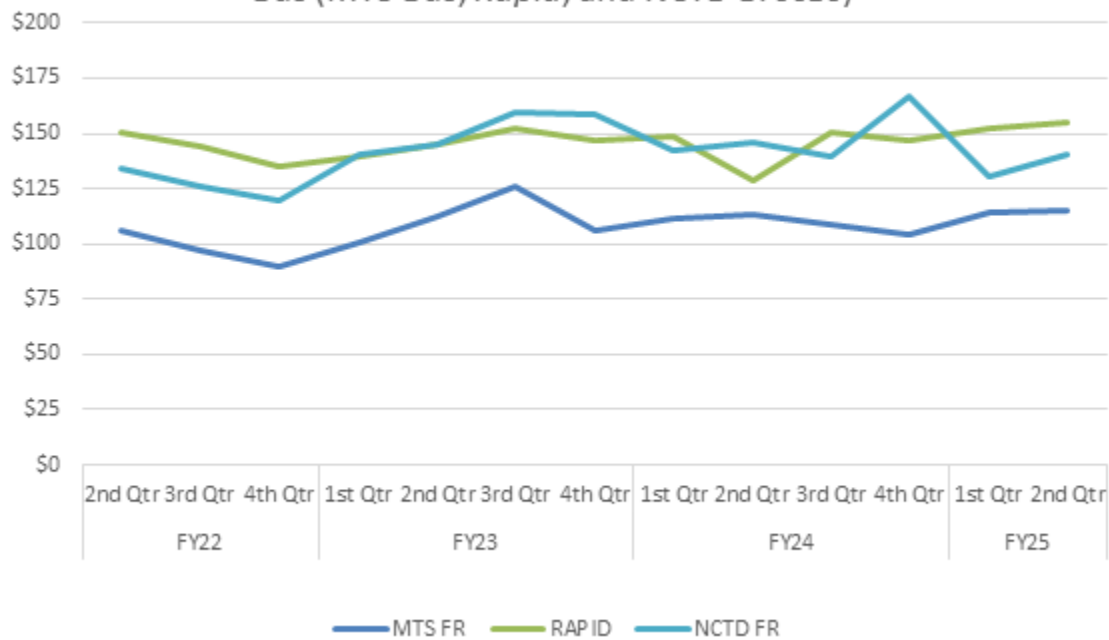


Figure 6: Operating Cost per Revenue Hour
Bus (MTS and NCTD ADA Paratransit)

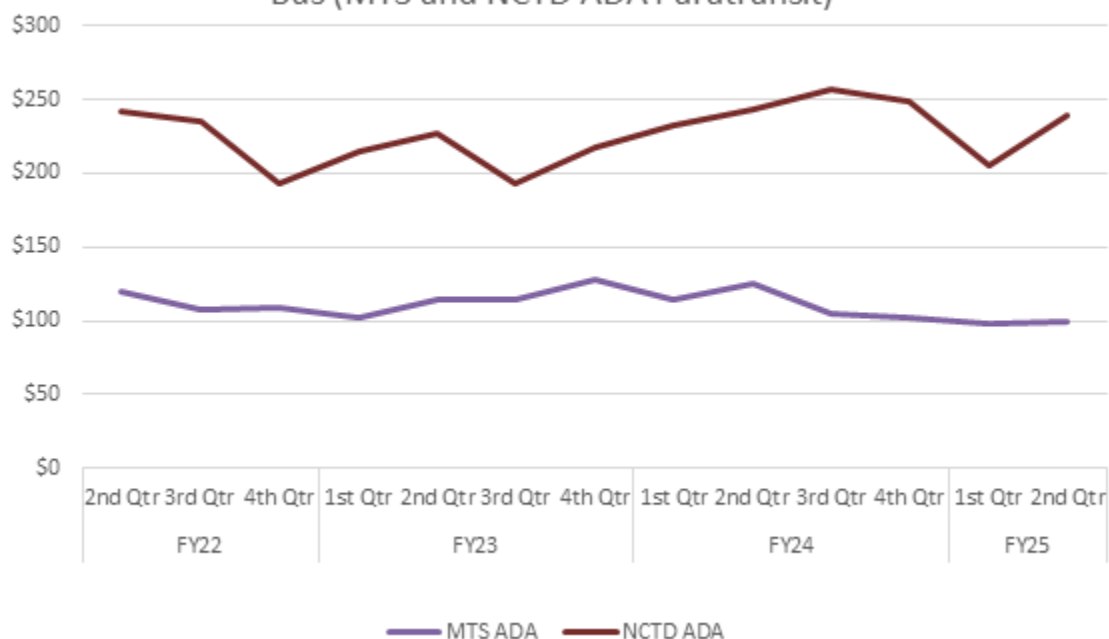


Figure 7: Passengers per Revenue Hour
Rail (COASTER, SPRINTER, Trolley)

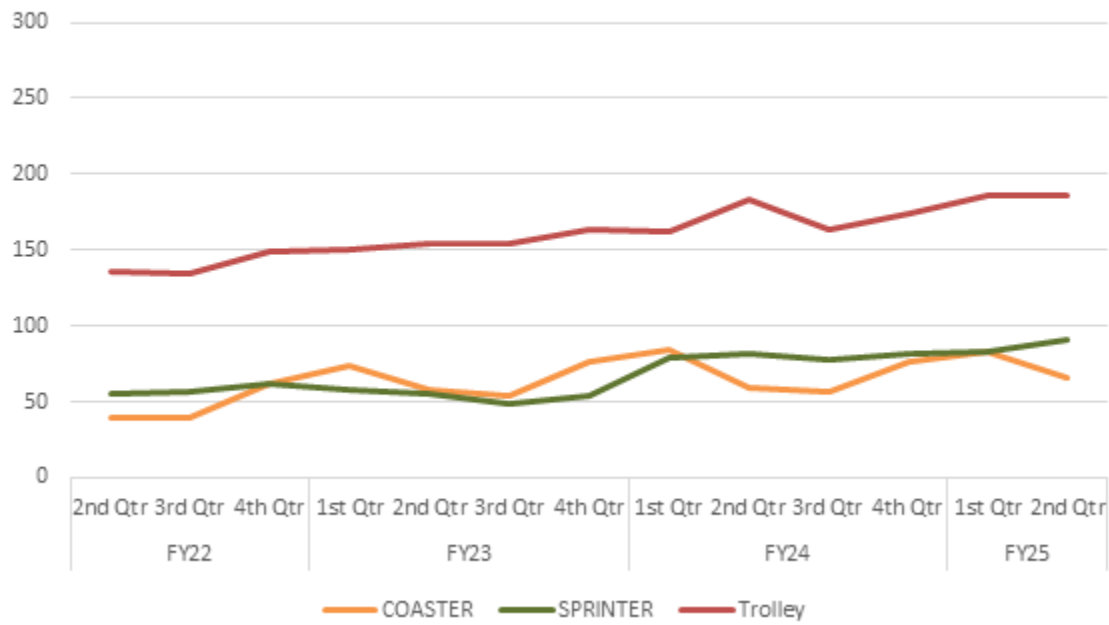
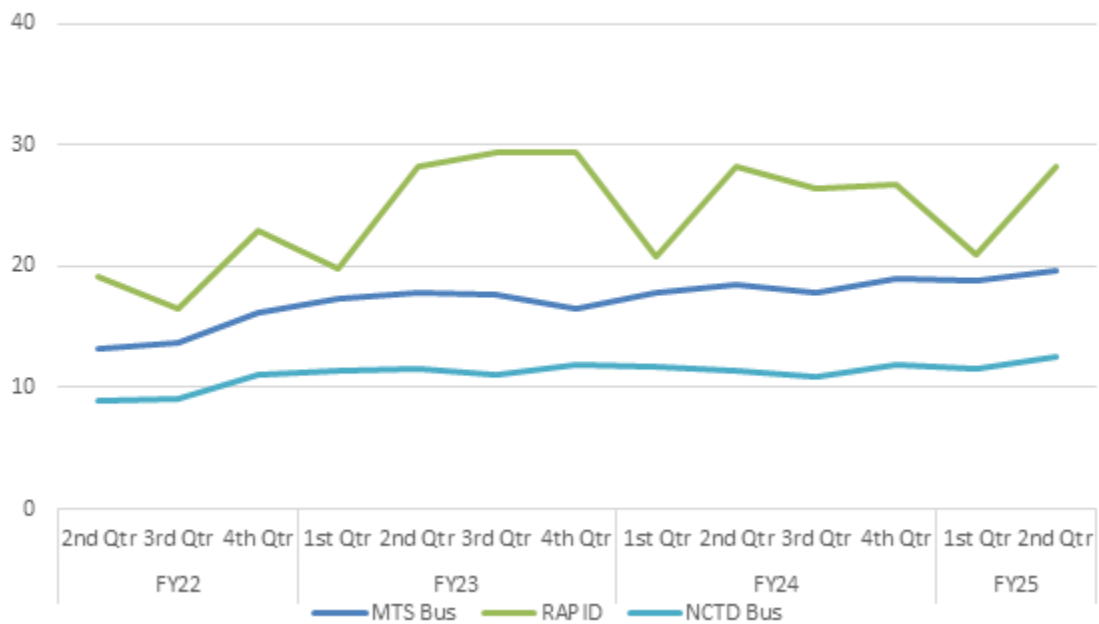


Figure 8: Passengers per Revenue Hour
Bus (MTS Bus, *Rapid*, and NCTD Breeze)



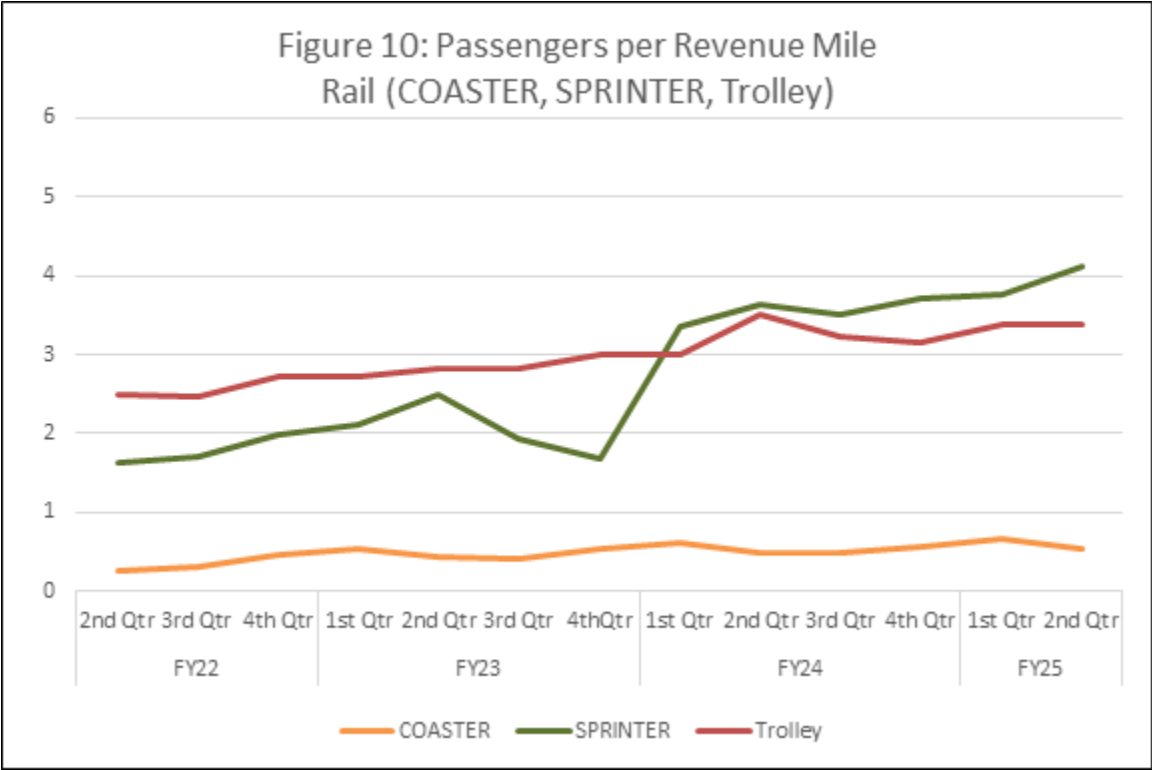
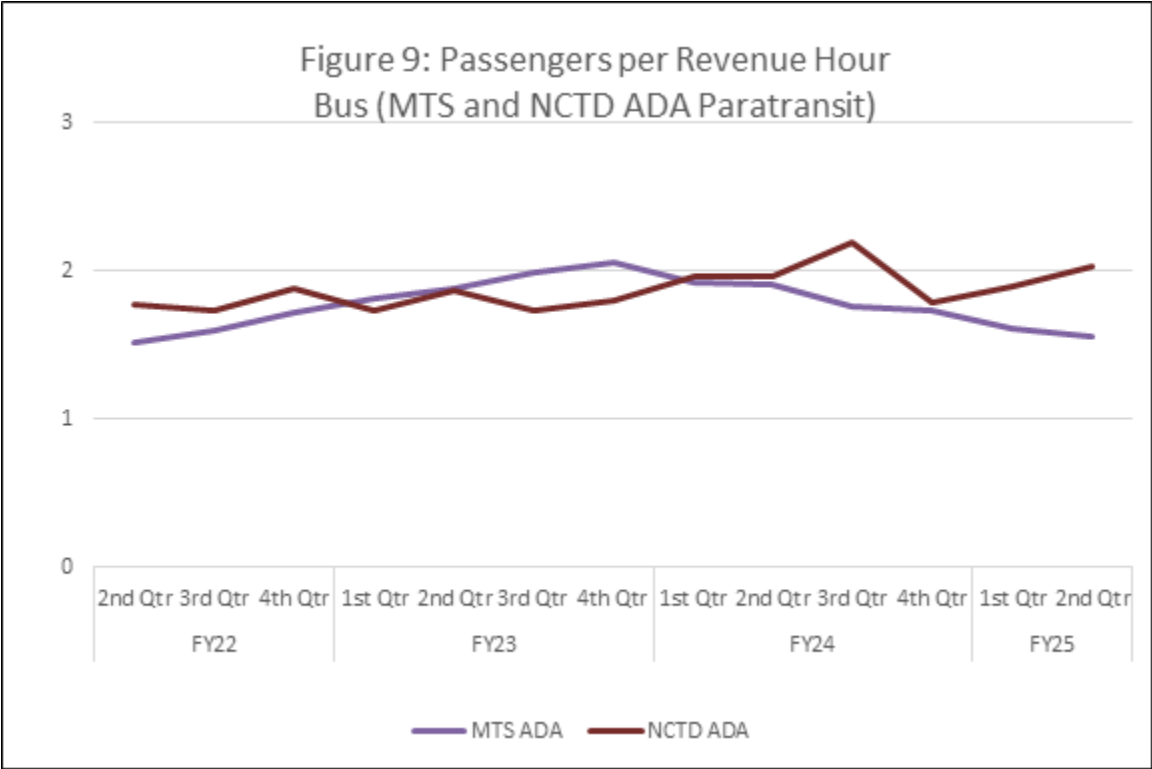


Figure 11: Passengers per Revenue Mile
Bus (MTS Bus, *Rapid*, and NCTD Breeze)

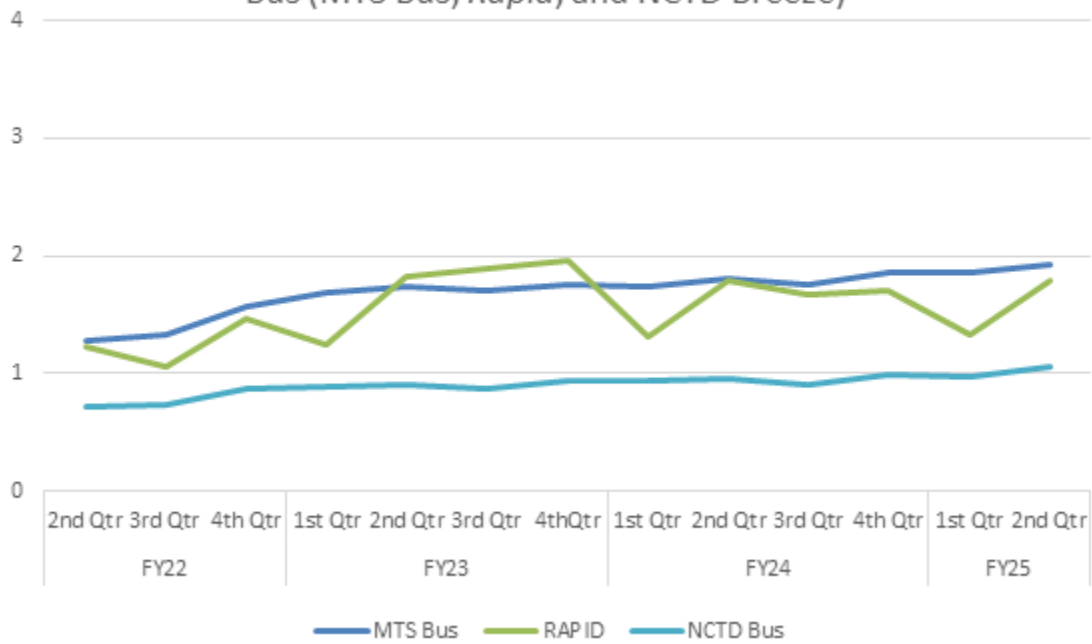


Figure 12: Passengers per Revenue Mile
Bus (MTS and NCTD ADA Patatransit)

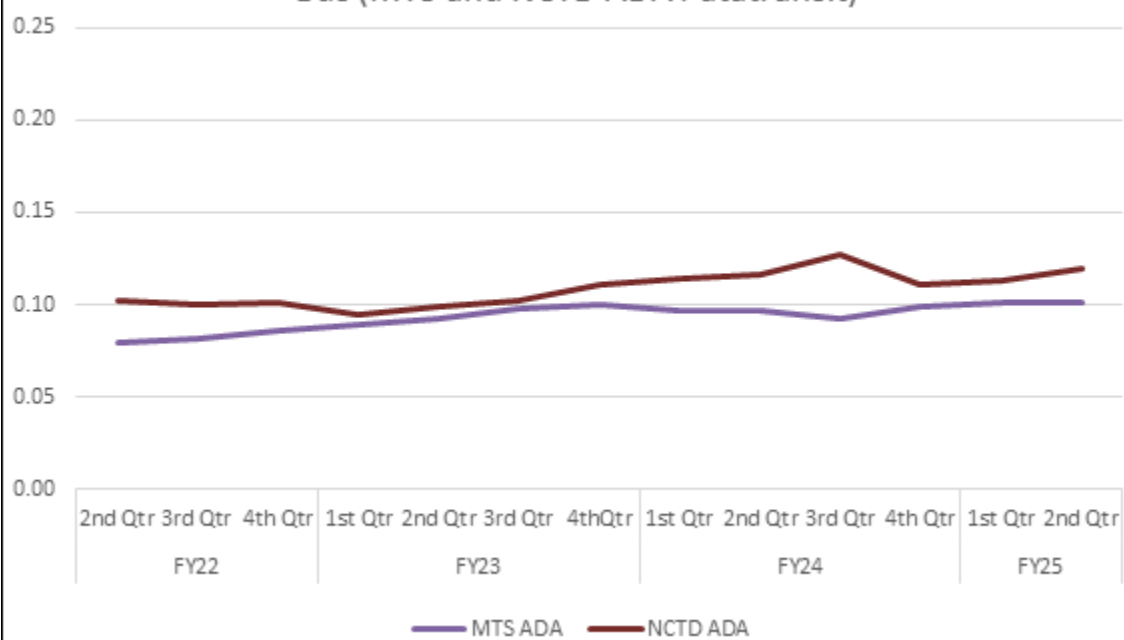


Figure 13: Revenue Hours per Employee
Rail (COASTER, SPRINTER, Trolley)

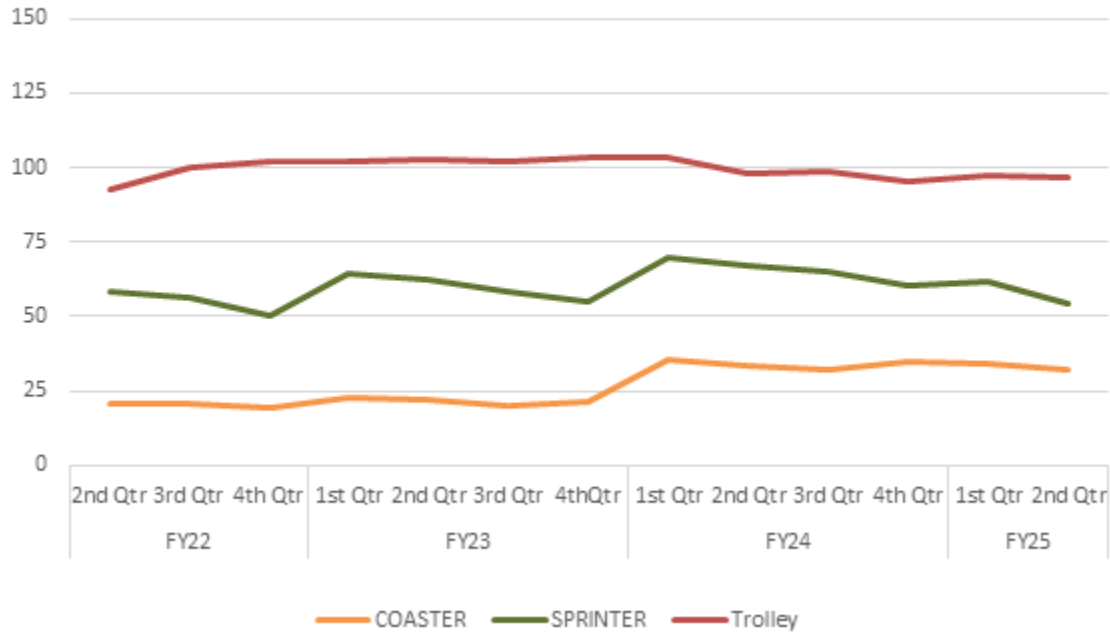
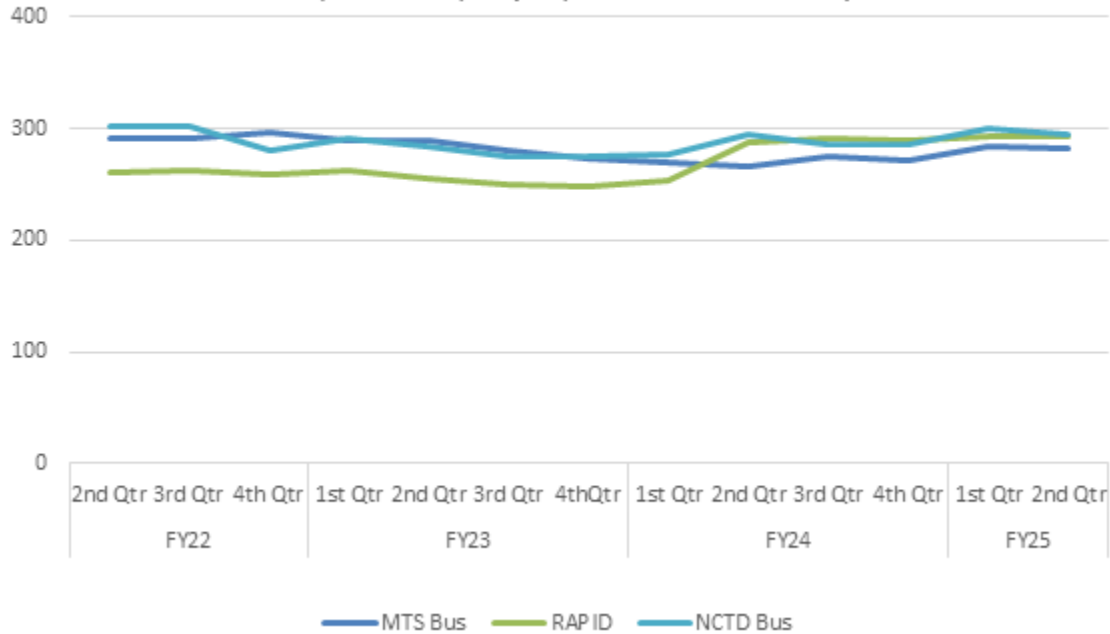
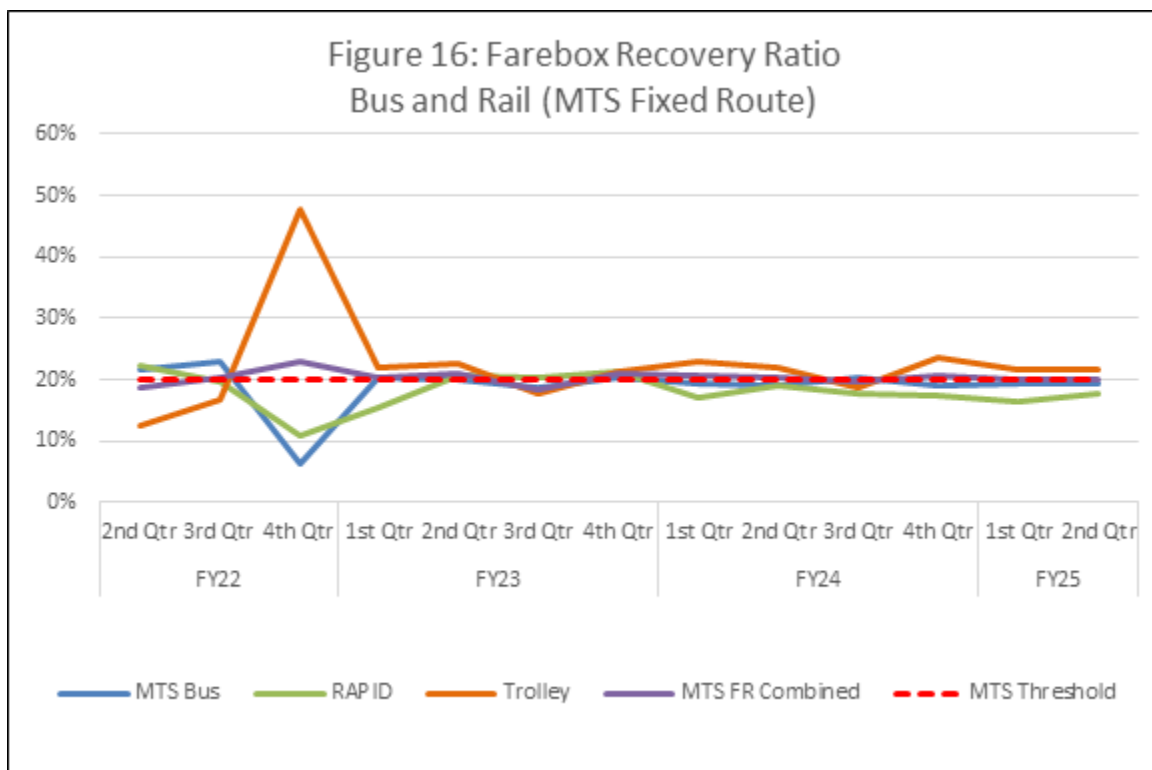
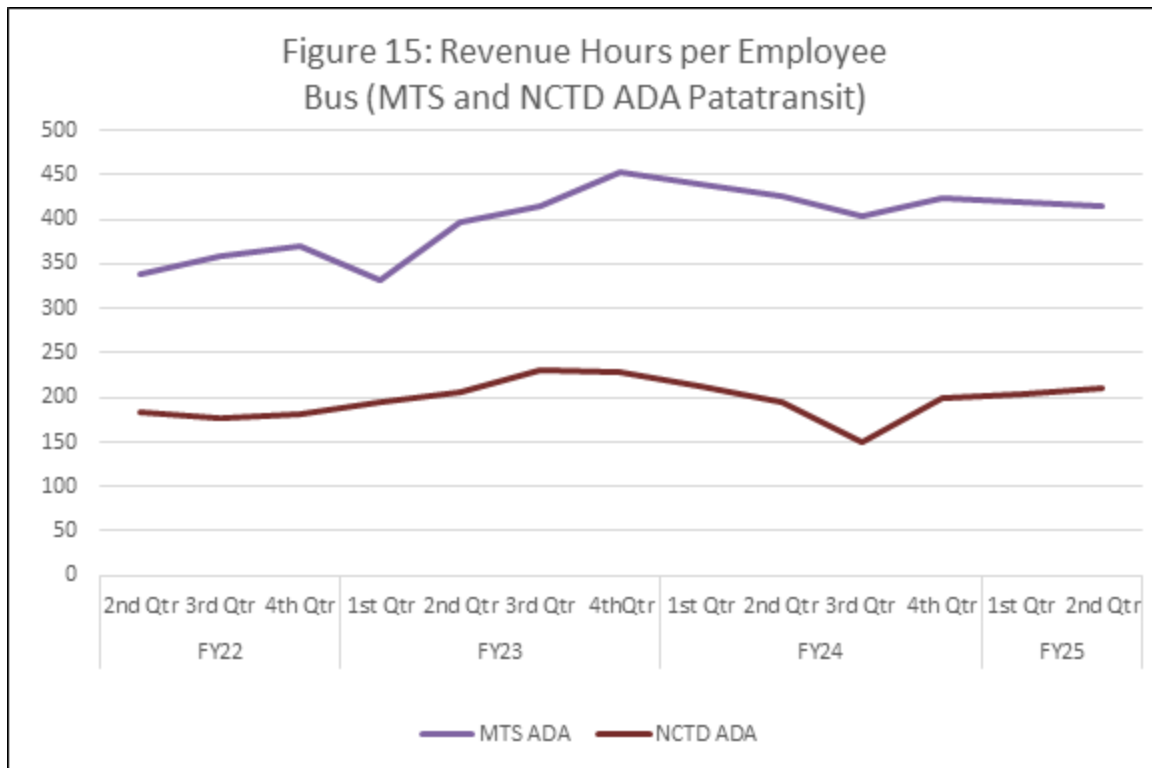


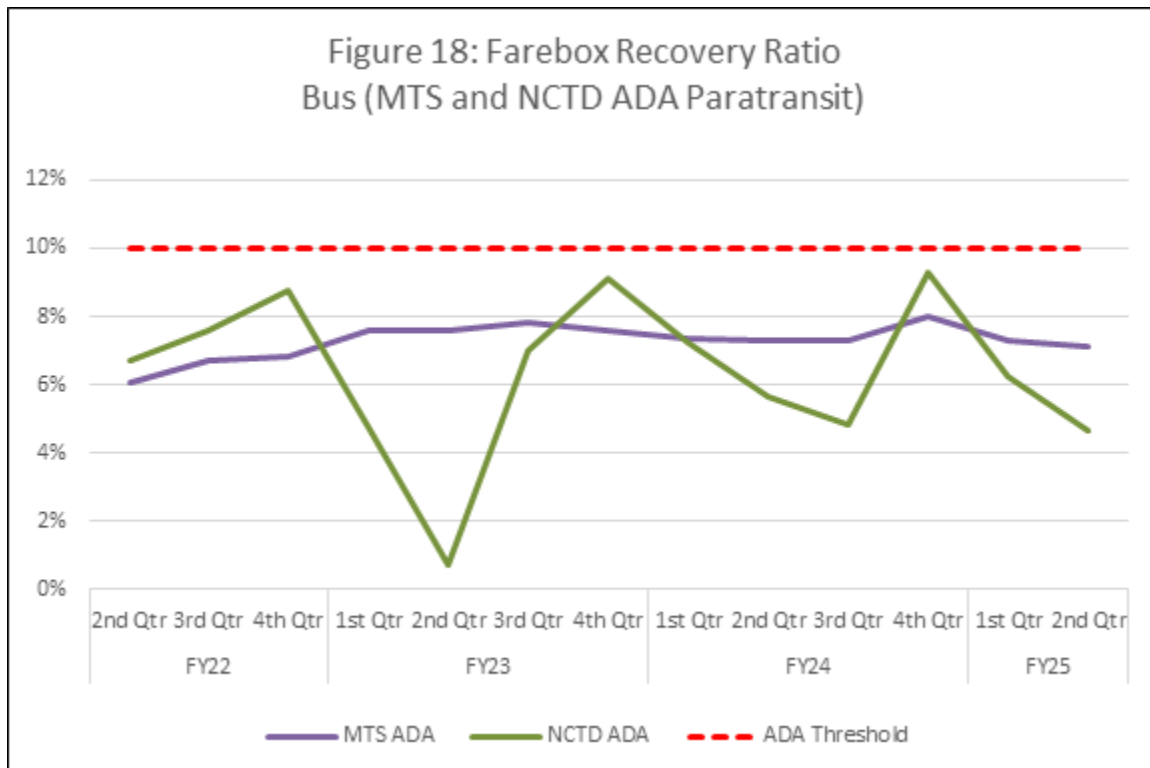
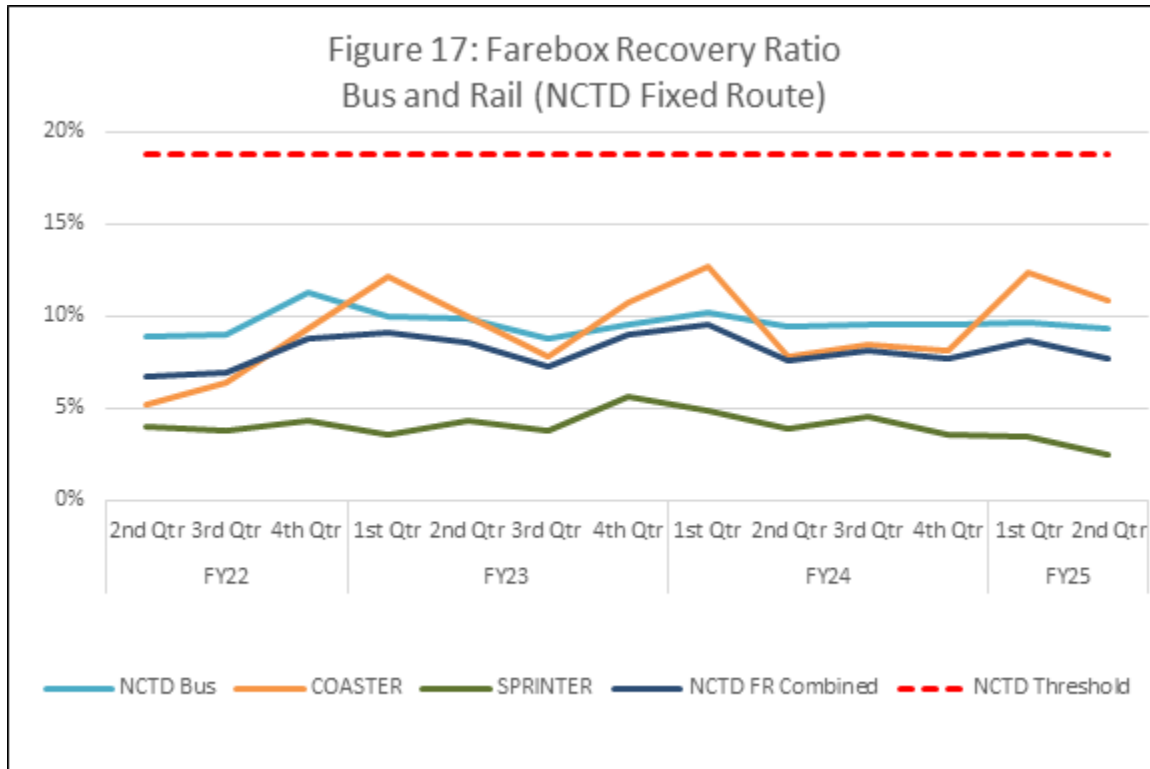
Figure 14: Revenue Hours per Employee
Bus (MTS Bus, Rapid, and NCTD Breeze)





Note: MTS farebox data was adjusted in June 2022 (4th quarter of FY 2022). That was the first year of Pronto, and systematically all of the passenger revenue was allocated by taps all year long. By the end of that fiscal year, MTS decided to adjust the way Pronto was allocating revenue because Bus was getting a major boost in revenue due to

the lack of tapping on the Trolley side (30-35% of Trolley riders tap or buy a one way fare compared to 100% on the Bus side). For June 2022, there is a major adjustment that moves revenue from Bus to Trolley to make the year look a little more normal on each side.

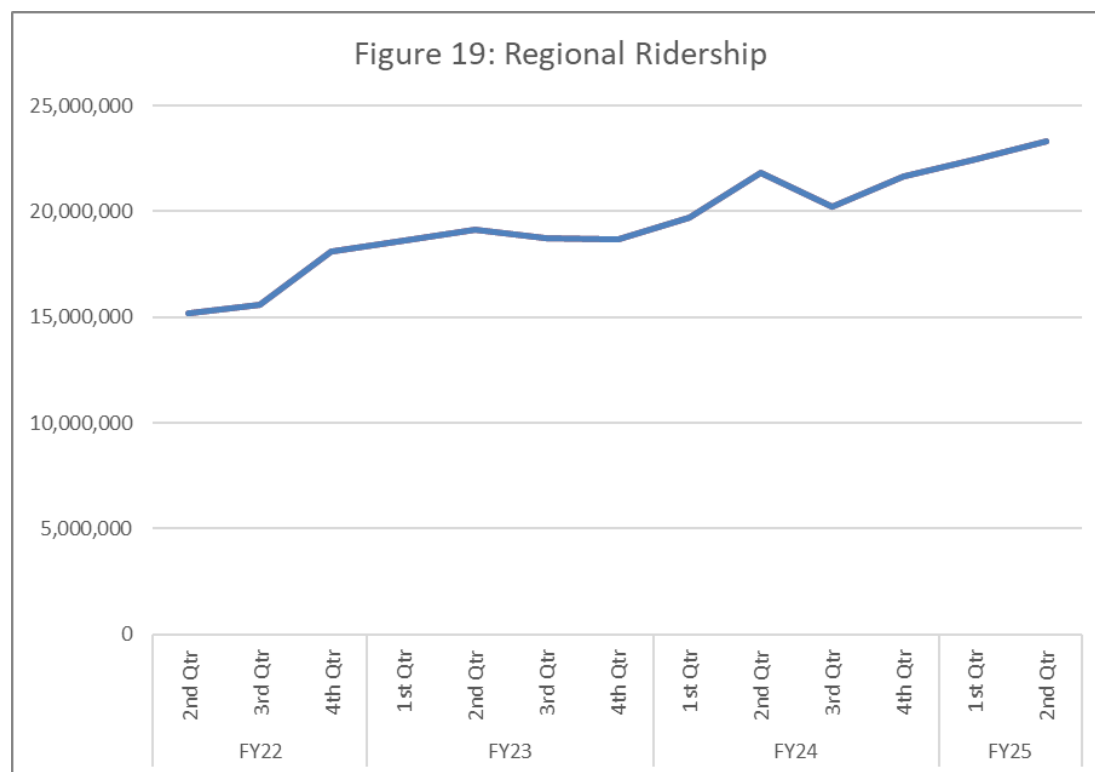


Background Factors

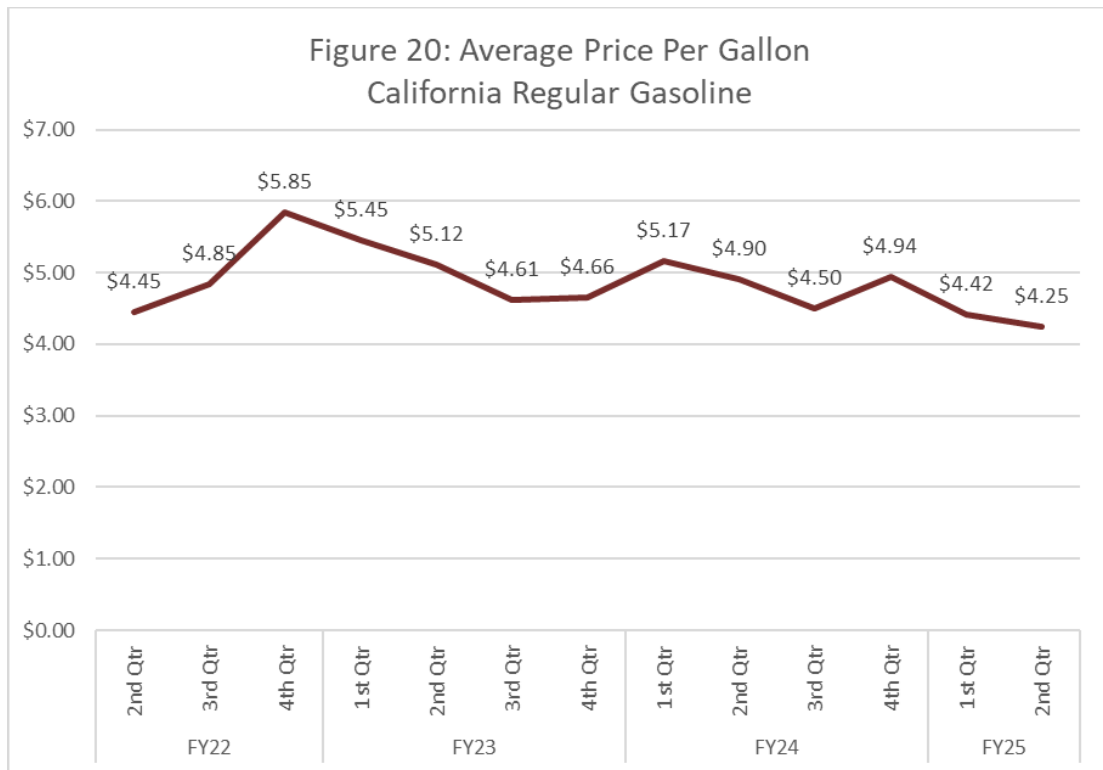
To provide additional background information regarding ridership and performance trends, other factors have been historically included in this report. These factors are:

1. Regional Ridership
2. Fuel Prices
3. Jobs

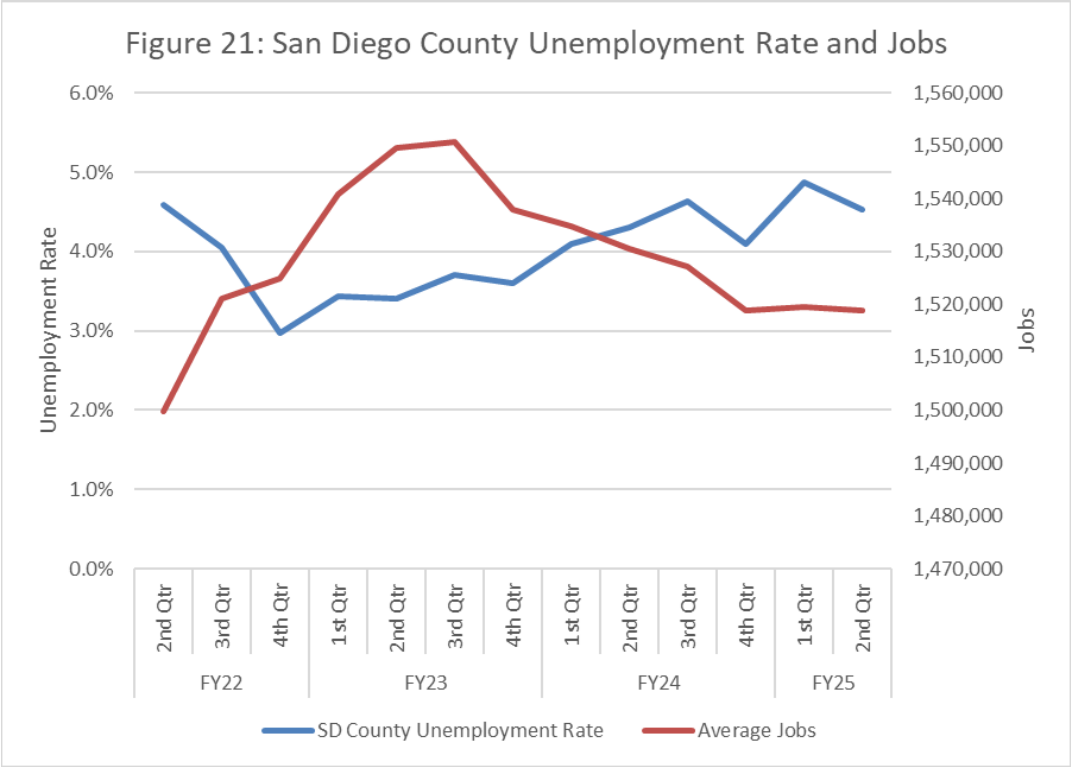
The following charts illustrate the trends over 13 quarters for these variables. Quarterly fixed-route ridership is shown in Figure 19 below. During the second quarter of FY 2025, regional ridership increased by 53.6 percent from the second quarter of FY 2022.



Average fuel prices decreased to an average of \$4.25 per gallon during the second quarter of FY 2025, as shown in Figure 20 below. This represents a decrease of 4.5 percent since the second quarter of FY 2022.



The regional unemployment rate (shown on the left Y axis) and average number of jobs in the San Diego region (displayed on the right Y axis) are shown in Figure 21. The average number of jobs has increased by 1.27 percent since the second quarter of FY 2022, and the unemployment rate has decreased by 1.1 percent over the same period, to 4.5 percent (from 4.6 percent in the first quarter of FY 2022).



ANNUAL TDA CLAIM FORM

Form B

**STATEMENT OF EFFORTS MADE TO IMPLEMENT
PERFORMANCE AUDIT RECOMMENDATIONS**

SANDAG Staff Member: Tim Garrett Date Completed: 4/18/25

Operator: Metropolitan Transit System (MTS)

Date of Last Performance Audit: June 2022

Page	Performance Audit Recommendation(s)	Actions Taken to Implement Recommendations
43	<p><u>Recommendation 1</u></p> <p>MTS should work with SANDAG TDA staff to achieve greater alignment with respect to the various uses and external reporting of farebox recovery ratio (for example, California TDA eligibility, annual financial accounting, NTD reporting, industry measure).</p>	<p>MTS has begun to, and will continue to, provide all of the various layers of operating and non-operating revenues with SANDAG and delineate which are eligible for inclusion within the farebox recovery ratio (FRR) for complete transparency in the calculation. MTS will then have a complete set of metrics that have the traditionally calculated FRR as well as an FRR that includes other eligible sources of revenues. This transparency is also now needed as we work with the Federal Transit Administration and their calculations of FRR in the annual National Transit Database report, and it will provide insight to our CPAs as they validate the calculation of our final agency FRR metric.</p> <p>MTS has included the appropriate operating and non-operating revenues which are eligible for inclusion within the farebox recovery ratio (FRR) as part of the TDA claim process in schedule 8. This began with the FY 2024 TDA claim submittal and will continue going forward.</p>

ANNUAL TDA CLAIM FORM

Form B

**STATEMENT OF EFFORTS MADE TO IMPLEMENT
PERFORMANCE AUDIT RECOMMENDATIONS**

SANDAG Staff Member: Tim Garrett Date Completed: April 25, 2025

Operator: North County Transit District (NCTD)

Date of Last Performance Audit: June 2022

Page	Performance Audit Recommendation(s)	Actions Taken to Implement Recommendations
53	<p><u>Recommendation 1</u></p> <p>NCTD should work with SANDAG TDA staff to achieve greater alignment with respect to the various uses and external reporting of farebox recovery ratio (for example, California TDA eligibility, annual financial accounting, NTD reporting, industry measure).</p>	<p>NCTD already performs the calculations of Farebox Recovery Ratio utilizing local support and the exclusions allowed by TDA (Ratio) and reports this Ratio annually in the State Controller's Office reports. The Ratios reported to the State Controller's Office are for all modes of service combined (BREEZE, COASTER, SPRINTER, FLEX) and for paratransit; the Ratio is not reported individually by mode, except paratransit (LIFT). NCTD reported the combined and paratransit Ratios in its Fiscal Year 2024 (FY 2024) Annual Comprehensive Financial Report (ACFR) and will continue reporting in the ACFR for future fiscal years.</p>

FY 2025 Consolidated Transportation Services Agency Performance Measures Summary

This summary provides an overview of the performance of the San Diego region's Consolidated Transportation Services Agency (CTSA) through Quarter 2 of FY 2025.

CTSA Background

Effective coordination can improve transportation service delivery and cost-effectiveness, eliminate gaps in service, and remove real or perceived transportation barriers. In 1979, the Social Service Transportation Improvement Act, Assembly Bill 120 (AB 120), provided for the establishment of Consolidated Transportation Services Agencies (CTSAs) in each California county. The purpose of AB 120 is to promote the coordination of specialized transportation so that the following benefits can be realized:

- Combined purchasing of necessary equipment to achieve cost savings through bulk purchases
- Adequate training of drivers to ensure the safe operation of vehicles – proper driver training promotes lower insurance costs and encourages use of the service
- Centralized dispatching of vehicles to allow for efficient use of vehicles
- Centralized maintenance of vehicles to allow for adequate and routine vehicle-maintenance scheduling
- Centralized administration of various social service transportation programs to eliminate duplicative and costly administrative organizations, which allows social service agencies to specialize and respond to specific social needs
- Identification and consolidation of all existing funding sources for social service transportation services to provide more efficient and cost-effective use of scarce dollars. Consolidation of categorical program funds can foster eventual elimination of unnecessary and unwarranted program constraints

The major initiative of SANDAG to improve transportation coordination among social service transportation providers has been the creation and funding of the CTSA. In 2006, SANDAG designated FACT to be the CTSA for San Diego County. In 2019, SANDAG and FACT updated the language of the agreement between the two agencies to reflect recommendations from a TDA performance audit. Most notably, the recommendations were to add performance measures that would be reported and tracked annually.

The role of the CTSA is to promote the consolidation of specialized transportation through functions identified in the Social Service Transportation Improvement Act such as centralized dispatching, combined purchasing of necessary equipment and supplies, centralized maintenance, centralized administration to eliminate duplicative administrative tasks, and consolidation of existing sources of funding. This consolidation can result in more efficient and cost-effective use of resources throughout the region.

The core mission of FACT is “assisting San Diego County residents with barriers to mobility to achieve independence through coordination of transportation services”. The following Scope of Work was set by SANDAG to develop and encourage coordinated transportation.

CTSA Core Functions:

- Provide comprehensive information and referral assistance on transportation for seniors, persons with disabilities, and other transportation disadvantaged populations.
- Maintain an active (minimum four meetings per year) advisory council for the CTSA that can serve as a forum for local health and social service transportation agencies to coordinate and disseminate specialized transportation information inclusive of, but not limited to:
 - Legislative updates
 - Alternate transportation options
 - Funding opportunities
 - Service gaps
 - CTSA policies and procedures
- Maintain a public webpage that hosts a comprehensive and up to date database of specialized transportation providers, including options for seniors and persons with disabilities. The database is to be used for information and referral assistance as well as to be provided to SANDAG for use in specialized transportation planning.
- Identify and pursue longer-term funding sources to leverage and support CTSA-related activities.

The CTSA is also required to complete the following administrative tasks:

- Submit an annual certified fiscal audit to SANDAG and the State Controller within 180 days after the end of the fiscal year, pursuant to the Public Utilities Code 99245 and the SANDAG TDA claim procedures.
- Submit an annual report of its operations, consistent with the Uniform System of Accounts, to SANDAG and the State Controller within 90 days after the end of the fiscal year as required by state law and the SANDAG TDA claim procedures.
- Submit electronic quarterly operating statistics consistent with the regional reporting system if CTSA provides service directly.
- Develop and annually update a strategic business plan, work plan, and budget, and provide three hard copies and one electronic copy of the plan to SANDAG prior to the beginning of each fiscal year. The strategic business plan must clearly delineate Core Functions from Other Functions and FACT activities, and it must also provide a summary of accomplishments funded by the prior year's TDA claim.
- Ensure that elected officials from municipal or county positions in San Diego County hold at least two seats on the FACT Board of Directors. This will be in addition to one director who is a sitting member of the SANDAG Transportation Committee and is appointed to this position by the Chair of the SANDAG Board of Directors. Additionally, the CTSA shall ensure that local elected officials are involved to the maximum extent possible in the development of the CTSA action plans and other local plans necessary to fulfill the coordination provisions of the California Social Service Transportation Improvement Act, and to provide for the successful implementation of consolidated transportation services. The CTSA shall ensure that the makeup of the FACT Board of Directors demonstrates countywide geographic and stakeholder representation.

SANDAG's contract with FACT was initiated in July 2006, at which time NCTD agreed to support FACT with establishing the CTSA functions for the first year. The contract was amended in October 2006 to revise information relating to the FACT Board of Directors. The contract was subsequently amended in June 2019. Among other things, the 2019 amendment established performance measures. FACT is evaluated on its performance over the prior fiscal year in meeting its core functions, and this progress toward meeting the performance measures is reported to the SANDAG Transportation Committee. FACT submits quarterly reports to SANDAG to assist in this evaluation. FACT is responsible for implementing the Core Functions listed above. However, the contract allows for the completion of other functions if directed by SANDAG.

Q2 FY 2025 CTSA Performance Measures Summary

Figures 1 through 7 show FACT's reported performance over the past 13 quarters. This period aligns with the practice of showing transit operator performance over a three-year period for TDA purposes.

The number of referrals provided by FACT has varied over time, reaching a maximum in the study period of 769 in Q4 of FY 2022. The two most recent quarters have had the fewest number of referrals, with 240 and 238 in Q1 and Q2 of FY 2025, respectively.

CAM meetings are held regularly, at least once per quarter. Some quarters have had one or two additional meetings.

The number of hits on the FACT website has generally increased over the study period, with a low of 6,417 in Q3 of FY 2022 and a peak of 14,998 in Q4 of FY 2023. The number of hits on the "Find a Ride" page on the FACT website has generally increased over the study period. During FY 2022, the "Find a Ride" page was being updated. This resulted in two quarters in which FACT reported zero hits on the page. After the update, the number of hits has been consistently higher and generally increasing to a peak of 1,117 of Q2 in FY 2025.

The number of agencies in FACT's provider database has been fairly consistent, between 177 and 193 agencies. The number of agencies in the FACT provider database contacted by quarter has varied widely. In three quarters of reporting, zero agencies were contacted by FACT. The number of agencies contacted reached a peak of 98 in Q3 of FY 2022. Figure 6 displays the number of agencies contacted as a percentage of the total number of agencies. A threshold line of 25% has been added to the chart for reference. This corresponds to the average share of agencies in the database that FACT would need to contact in each quarter to maintain contact with 100% of agencies in the database in each year.

The number of funding applications submitted by FACT has varied over the study period. The number of applications submitted in the past year reached a peak of 12 in Q4 of FY 2022 and Q1 of FY 2023 before returning to 6-8 applications over the past year and a half.

Q2 FY 2025 CTSA Performance Measures Summary

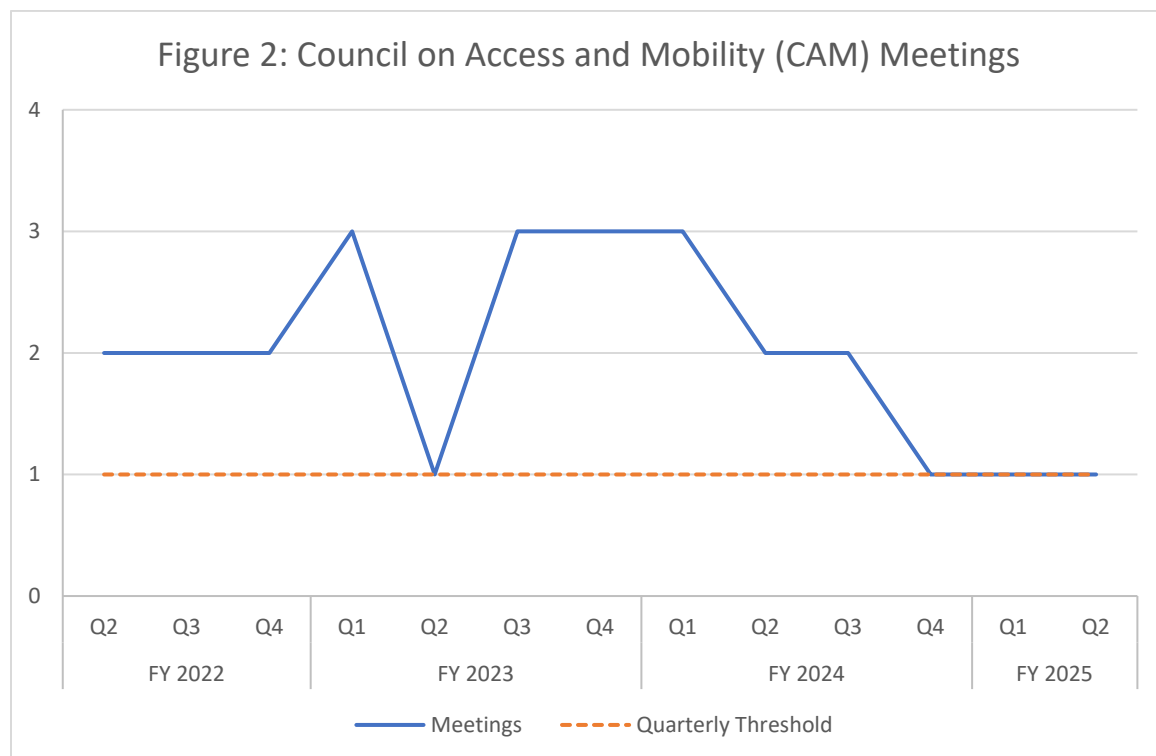
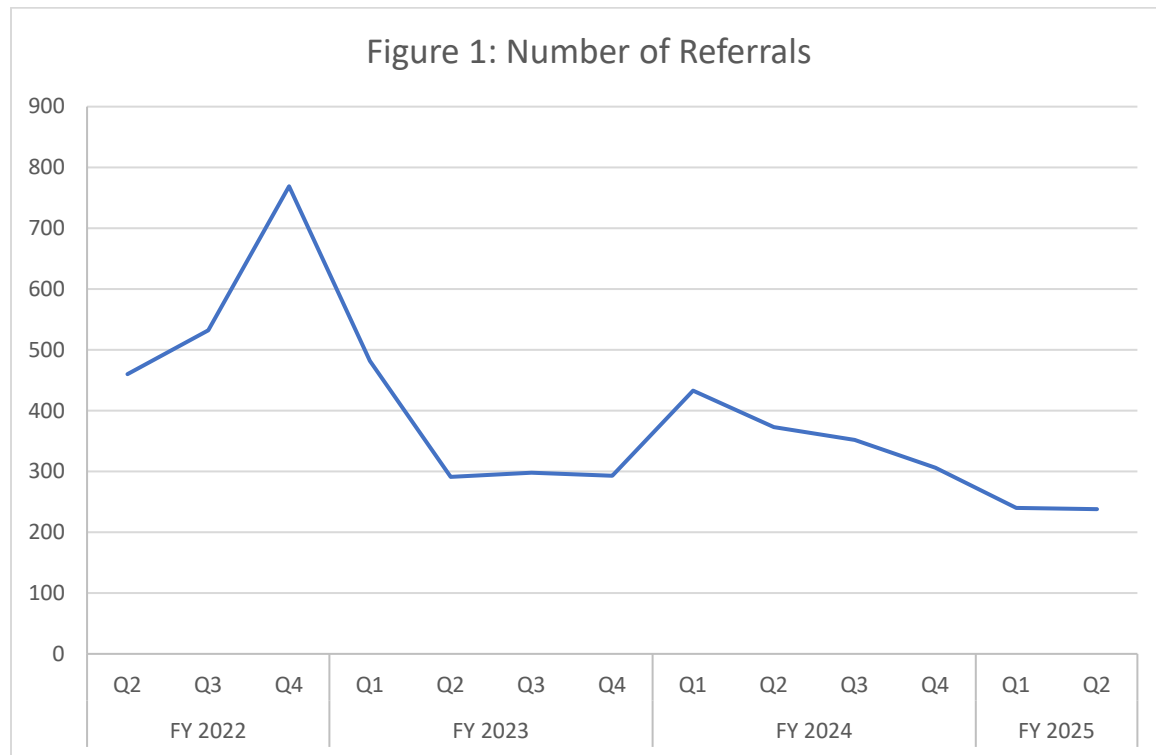


Figure 3: Number of Hits for FACT Website

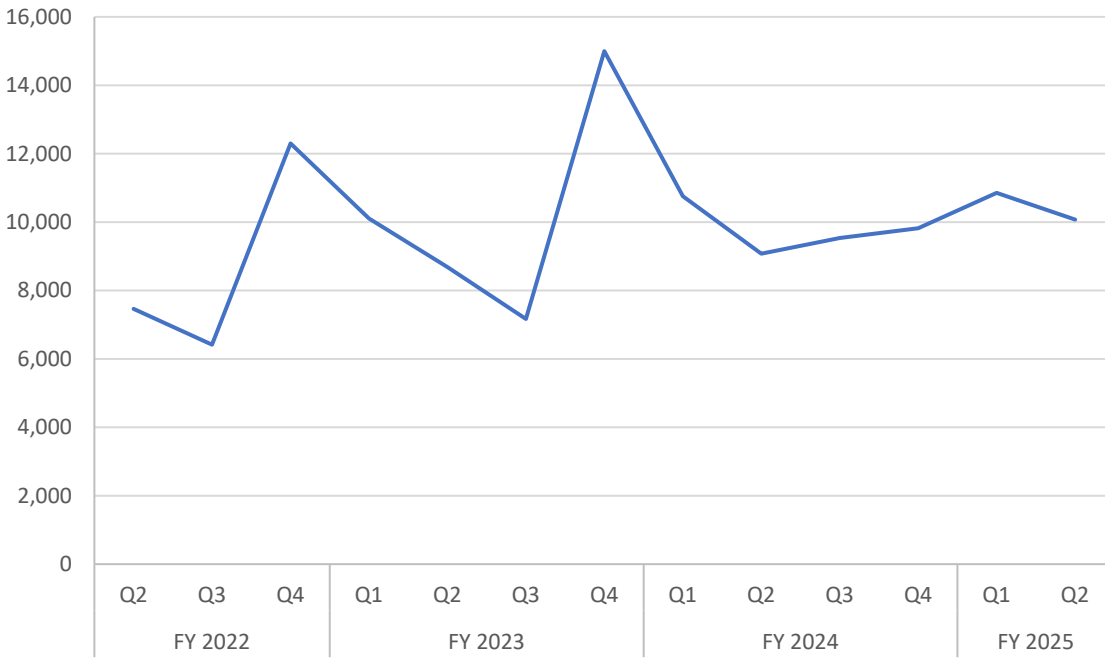
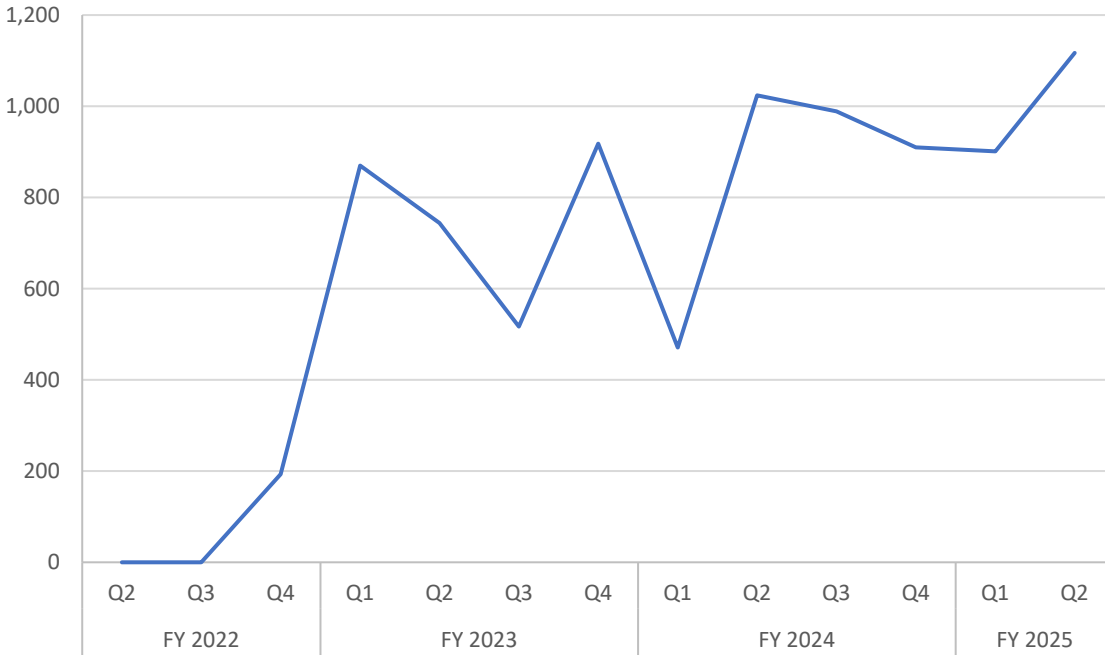


Figure 4: Number of Hits for "Find a Ride" Page



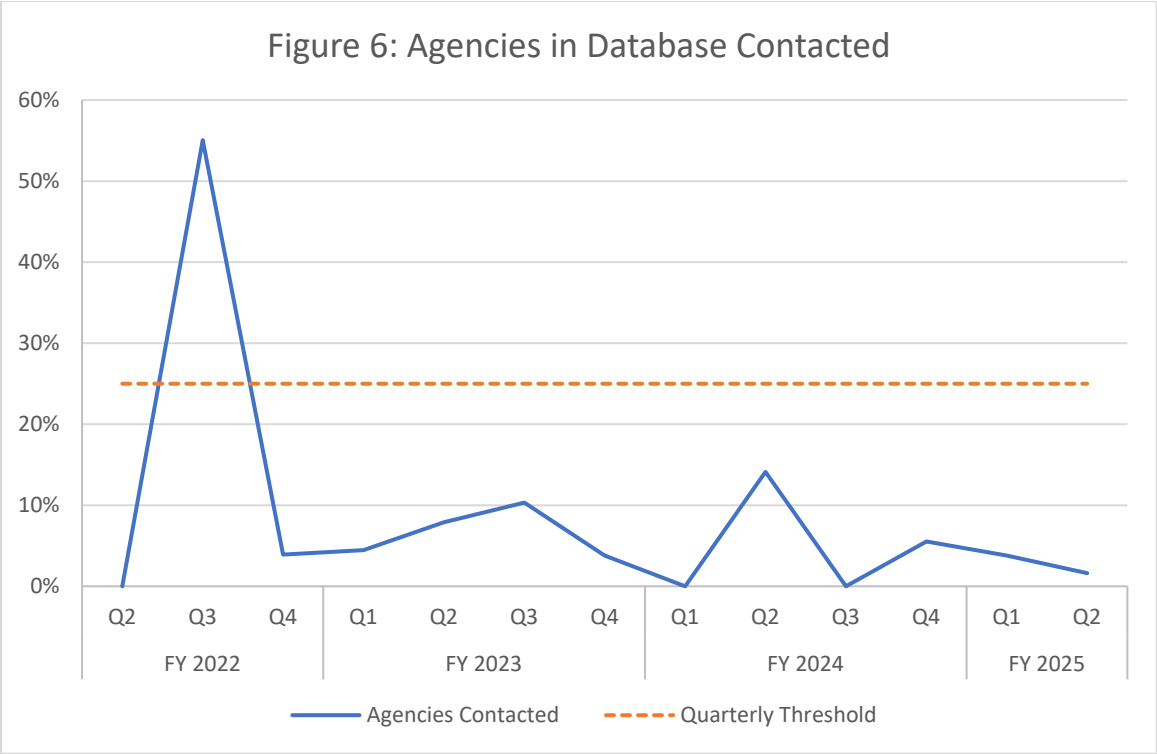
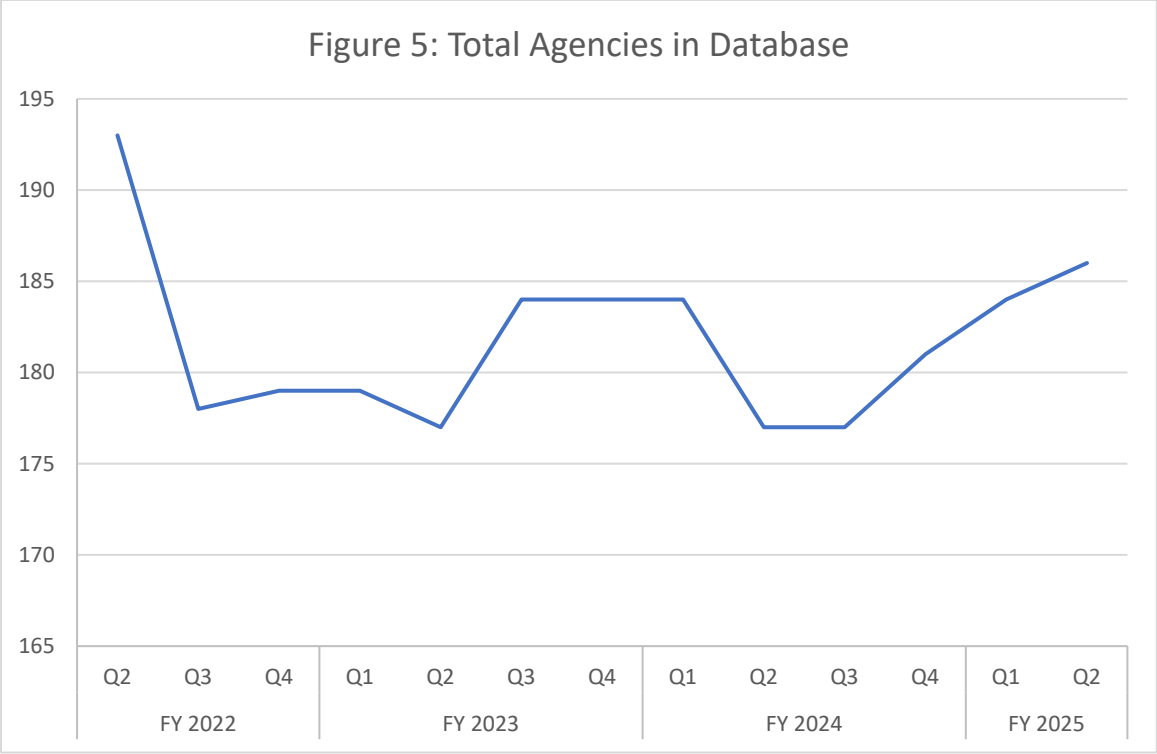


Figure 7: Funding Applications Submitted Annually



FY 2025 Unmet Transit Needs

Meeting Date	Unmet Need	Speaker	Refer to	Action	Response, if applicable
7/16/2024	<p>My husband, who is a disabled Navy veteran, in a wheelchair, depends on FACT for transportation to dialysis three times a week including Saturday. The service that FACT provides for him is essential for his comfort to and from the center. Other services such as Jewish Family Services and others like them, either do not provide wheelchair accessibility, or do not serve our zip code. Care 7 and SDMed have been a big plus to us. The drivers are professional and treat him with respect.</p> <p>We hope that you will take into consideration that FACT is essential to him and many others with disabilities. Please continue to fund this important service. Thank you.</p>	Victoria Alpaugh	SANDAG Planning	Noted for Coordinated Plan	N/A
7/16/2024	<p>I am a disabled Navy veteran who relies on FACT to get me to and from dialysis three days a week in a wheelchair. I have been using FACT since 2020. It's very hard for me to get around without my wheelchair and walker and Lyft and Uber, and other transportation companies do not provide wheelchair accessibility. We've tried other Transportation companies, but they either , again , don't have wheelchair accessibility, or they do not come into our ZIP Code. I'm also sight impaired, so public transportation is . impossible. Please keep funding FACT so I and others with disabilities can get to our destinations.</p>	Glenn Alpaugh	SANDAG Planning	Noted for Coordinated Plan	N/A

7/16/2024	The trolley in University City is a joke - it does not service residents. There are no buses in our southeast neighborhood to transport us to the trolley. So we take Lyft/Uber to our destination. This is not Europe where you are always serviced by convenient transportation. Get real!	Eileen	MTS	Consider for upcoming Comprehensive Operational Analysis	Will evaluate bus connections to UCSD Blue Line as part of upcoming comprehensive operational analysis.
7/16/2024	Try to add shades and seats for people waiting for bus arrival on every bus stop along Otay Mesa Rd, is a shame to see people under the sun and rain..... and no covers are provided.	Daniel Avita	MTS	Refer to MTS	MTS has applied for grant funding for both (a) Otay Mesa Transit Study and (b) Transit Amenities Plan. The Otay Mesa Transit Study would analyze transit service in Otay Mesa while the Transit Amenities Plan will evaluate current placement of amenities throughout the MTS service area and provide recommendations for improvements. These studies would take place throughout FY26.
7/16/2024	SANDAG should do a better job of publicizing opportunities for public comment at SSTAC meetings; older people don't use computers as much, should be easier to find.	Clifford Weiler	SANDAG Planning	Follow public hearing process for annual meeting to be held in July 2025	N/A

7/16/2024	<p>FACT provides essential program filling gaps. Recently raised prices on seniors/disabled--this should be a last resort. FACT is raising prices too much, does not understand the financial constraint of population they serve. FACT cannot find drivers and will call the day before saying they cannot give rides.</p>	<p>Name not given: online public comment</p>	<p>FACT</p>	<p>Refer to FACT</p>
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FACT values all feedback from the community. The comment mentions two issues a) fare increase, and b) trip denial due reportedly due to lack of drivers.

This comment is from July 2024; it appears the rider is referring to the fare for *on-demand* RideFACTNOW service, which had a flat fare of \$10 for one-way trip Countywide. On-demand services are premium, and come with a relatively higher cost. During that timeframe, our RIDEFACT service, which had a lower base fare, was not available due to lack of funds. Since then, FACT has restructured its fares which range from \$5 for upto 10 miles, \$10 for 10.1 up to 20 miles, and \$20 for 20 + miles. This fare structure helps riders using shorter trips to pay a lower fare.

RideFACTNOW was a new service available during July 2023-June 24; the \$10 fare enabled FACT to spread the service over to more users. Comparable trips on wheelchair accessible private taxi/van services are prices \$75-90.

FACT received comments from several riders who indicated the fares were reasonable:

"Thats all you charge? wow, I have paid \$100 for my mother who is in a wheelchair and that is short distance too! I am in shock, please book us for a trip."

"Your service is a blessing for 10 bucks, believe me"

"I am very grateful for your services. You have saved me time and cost - really a life saver"

FACT transports riders who are unable to pay a fare, while working with them to refer them to other transportation options that meet their needs better.

In 2025 FACT will use a two-tiered fare structure where Same-Day rides are priced higher and Next-Day service costs less, in order to allow riders the flexibility of selecting the services that best meet their needs.

FACT's transportation service does not lack drivers or capacity. A rider may be informed a ride is not available during times when we are operating under funding constraints. It is not our practice to comment on the availability of drivers when speaking with riders.

7/16/2024	We are seeing demand for increase in services, causing members of public being passed from service provider to service provider, not fair for members of public. Additional funding is needed for service providers.	Kristine Stensberg	SANDAG Planning	Noted for Coordinated Plan	N/A
7/16/2024	There is a large need along SR 56 corridor for people with disabilities. There is no fixed route transit, so no ADA paratransit is available. FACT and other services may provide coverage, but no ADA service is available.	Todd Lordson	SANDAG Planning, MTS	New routes along SR 56 to be included in Draft 2025 Regional Plan. Also refer to MTS for consideration for upcoming Comprehensive Operational Analysis	Will evaluate service along SR 56 as part of the upcoming comprehensive operational analysis.
7/16/2024	There are more clients than providers or funding. SSTAC should advocate for more funding at state level. Requesting guidance from SANDAG on how to do this effectively. Jewish Family Service and Travelers Aid have waiting lists for services and can't enroll new people.	Marcy Roke	SANDAG Planning	Noted for Coordinated Plan	N/A
9/17/2024	More security training for working with people who have limited means, seniors, or those that are disabled.	Todd Lordson	SANDAG Planning, MTS, NCTD	Noted for Coordinated Plan. Also refer to MTS and NCTD	<p>MTS: When we hire new Code Compliance Inspectors (CCIs), The new CCIs spend the first three weeks of training in a classroom setting. One of the training blocks during the three-week classroom training program consists of a two-hour block of training on People with disabilities. This training material is from the California Commission on Police Officer Standards and Training (POST) - Learning Domain 37 - People with Disabilities. Topics discussed: Americans with Disability Act, types of disabilities, Interactions with people with disabilities.</p> <p>For CCIs who are off training and working in the field, we conduct annual In-Service training. One of the annual In-Service training blocks is with Clinical Psychologist</p>

Dr. David Bond. Dr. Bond teaches a four-hour block of training that reviews Mental Illness and other Mental Health Disorders and Physical Disabilities.

9/17/2024	SR 56 corridor is still underserved.	Todd Lordson	SANDAG Planning, MTS	New routes along SR 56 to be included in Draft 2025 Regional MTS for consideration for upcoming Comprehensive Operational Analysis	Will evaluate service along SR 56 as part of the upcoming comprehensive operational analysis.
9/17/2024	Training programs for drivers, especially those with Class B licenses	Todd Shaw	SANDAG Planning, MTS, NCTD	Noted for Coordinated Plan. Also refer to MTS and NCTD	MTS: All bus operators receive training upon initial hiring and annually thereafter. Topics covered include all of those mentioned in the list of “unmet needs”. I have attached the pages of our training manual that broadly cover these topics. This is just a portion of the manual, there is more in-depth training that is carried out in both the classroom and behind the wheel. At times, bus operators can be limited with how they service a bus stop depending on available red curb space. Cars that are parked in the bus stop, or bus stops with inadequate red curb space regularly contribute to this challenge. Also, bus operators are required to lower the “kneeler” upon request. Otherwise, it is at their discretion when to use the “kneeler”.

9/17/2024	For Specialized Transportation providers - there is still very high demand	Kristine Stensberg	SANDAG Planning	Noted for Coordinated Plan	N/A
11/19/2024	No unmet needs comments	N/A	N/A	N/A	N/A
1/21/2025	No unmet needs comments	N/A	N/A	N/A	N/A
3/18/2025	Need better training for bus operators regarding safe stops and starts, especially when carrying people who are older/have disabilities. Also need to ensure people can get on/off bus safely if they need the bus to kneel. This is only available in the front of the bus.	Clytie Koehler	SANDAG Planning, MTS, NCTD	Noted for Coordinated Plan. Also refer to MTS and NCTD	MTS: All bus operators receive training upon initial hiring and annually thereafter. Topics covered include all of those mentioned in the list of "unmet needs". I have attached the pages of our training manual that broadly cover these topics. This is just a portion of the manual, there is more in-depth training that is carried out in both the classroom and behind the wheel. At times, bus operators can be limited with how they service a bus stop depending on available red curb space. Cars that are parked in the bus stop, or bus stops with inadequate red curb space regularly contribute to this challenge. Also, bus operators are required to lower the "kneeler" upon request. Otherwise, it is at their discretion when to use the "kneeler".
3/18/2025	Concerns about federal funding, especially given how recent government changes may be impacting programs.	Marcy Roke	SANDAG Planning, Grants	Noted for Coordinated Plan. Also refer to Grants to provide update on funding with Specialized Transportation Grant Program annual report.	N/A

Proposed Changes to TDA Claim Manual

Background

The Transportation Development Act (TDA) statutes California Code of Regulations (CCR) require SANDAG, as the Regional Transportation Planning Agency (RTPA), to adopt rules and regulations supplemental to and consistent with, those of the California Department of Transportation to establish procedures for the administration of TDA funds. This TDA Manual follows the SANDAG Board of Directors adopted TDA Policy (January 2017) as amended. This manual is available on the SANDAG website. Claimants are encouraged to check the website for any changes to the manual. The manual can be found at sandag.org/TDA.

Updates

As recommended in the 2022 TDA triennial performance audit, SANDAG is now conducting an annual review of its processes for TDA administration. There are no proposed changes to Board Policy 027 at this time. Staff recommends updating the TDA Claim Manual to summarize the effects of recent legislation such as SB 125 (Budget, 2023) and SB 942 (Newman, 2022).

Proposed Changes (in red)

Manual page 16 (PDF page 20 of attachment 7) – To note the possibility of temporary waivers as currently allowed by SB125, this was extended from the previous inoperative date of January 1, 2024, set by AB149 to January 1, 2027.

7. If an operator fails to maintain the required ratio as described in #2, then the operator's eligibility to receive both LTF and STA funds shall be reduced during the subsequent penalty year by the amount of the difference between the level of fare revenues required to meet the specified ratio and the actual fare revenues for the year the ratio was not achieved. The penalty year shall begin one-year after the end of the fiscal year during which the required ratio was not met (99268.9), **unless current statute allows for the temporary waiver of penalties.**

Appendix B of the TDA Manual Page B-2 (PDF page 46 of attachment 7) section (d) in regards to fiscal audit requirements. The change is to note the requirements of the expanded audit required for LCTOP funding set by SB942 which now includes verification of receipt and appropriate expenditure of moneys.

- (d) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions. **Per section 75230(v), an audit of Low Carbon Transit Operations Program (LCTOP) funding will be expanded to include verification of receipt and appropriate expenditure of moneys from the program.**

Added general summary of SB942 to the "legislative changes" section on page 6 (PDF page 10 of attachment 7)

SB 942

Senate Bill 942, enacted in California in 2022, modifies the Low Carbon Transit Operation Program (LCTOP) to streamline funding for free or reduced fare transit initiatives. Previously, transit agencies were required to demonstrate annual greenhouse gas (GHG) emission reductions to qualify for LCTOP funds. SB 942 removes this requirement for agencies that have already implemented such fare programs, allowing them to continue receiving funding without annual GHG reduction demonstrations. This change aims to reduce administrative burdens and support the ongoing provision of affordable transit options, particularly disadvantaged communities. SB942 extends the suspension of penalties associated with required ratios of fare revenues for operators.



Transportation Development Act Claim Manual

May 5, 2025



TABLE OF CONTENTS

CHAPTER 1 - GENERAL INFORMATION	1
Purpose	2
Background.....	2
Priorities for Distribution	3
Legislative Changes	4
Assembly Bill 813 (Chapter 354)	4
Assembly Bill 1912 (Chapter 201)	4
Senate Bill 1703 (Chapter 743)	4
County of San Diego (County Transit System)	4
Senate Bill 521 (Chapter 297)	4
Senate Bill 508 (Chapter 716)	4
Assembly Bill 1113 (Chapter 86)	5
Senate Bill 1 (Chapter 5)	5
Assembly Bill 90 (Chapter 17)	6
Senate Bill 942 (Chapter 988)	6
Changes in TDA Rules and Regulations	6
CHAPTER 2 - COUNTY AUDITOR'S RESPONSIBILITIES.....	7
CHAPTER 3 - BICYCLE AND PEDESTRIAN CLAIMS (Article 3).....	9
Introduction	10
TDA Project Eligibility	10
TransNet Project Eligibility	11
SANDAG Claim Requirements	12
TDA Claim Submittal Process.....	12
TDA Evaluation Process	13
CHAPTER 4 - TRANSIT OPERATOR CLAIMS (Article 4).....	14
Introduction	15
Eligible Expenses	15
Claim Restrictions	15
Claim Process	17
Claim Forms and Required Information	17
Claim Revision or Amendment Process	18
Reporting Requirements.....	18
Timetable	20

CHAPTER 5 - COMMUNITY TRANSIT SERVICE CLAIMS (Article 4.5)	21
Introduction	22
Requirements	22
Article 4.5 Fund Distribution Formula	23
Board-Adopted Priorities	23
Claim Content	23
Reporting Requirements	23
CHAPTER 6 - SPECIAL PROVISION CLAIMS (Article 8)	24
Introduction	25
Local Street and Road Claims	25
Multimodal Terminal Claims	25
Express Bus and Vanpool Service Claims	25
Commuter Ferry Service Claims	26
CHAPTER 7 - TRANSIT PERFORMANCE IMPROVEMENT RECOMMENDATIONS	27
Introduction	28
Transportation Performance Improvement Recommendations	28
Performance Measures	28
Performance Audit Recommendations	29
Efforts to Improve Productivity	29
CHAPTER 8 - STATE TRANSIT ASSISTANCE FUND GUIDELINES	30
Introduction	31
STA Population Formula Allocation	31
STA Operator Revenue Formula Allocation	31
Funding Priorities	32
Required Findings	32
Funding Eligibility and Qualifying Criteria	33
Claim Content for SANDAG STA Claims	34
Timetable	34
APPENDICES	
APPENDIX A - DEFINITIONS	A-1
APPENDIX B - FISCAL AUDIT REQUIREMENTS	B-1
APPENDIX C - PERFORMANCE AUDITS	C-1
Criteria for Performance Audits	C-1
Reporting Results	C-2
RTPA Review and Action	C-2

APPENDIX D - STATE CONTROLLER DIVISION OF LOCAL GOVERNMENT FISCAL AFFAIRS TRANSIT OPERATORS	D-1
APPENDIX E - SANDAG REGIONAL REPORTING SYSTEM	E-1
I. Introduction	E-2
General	E-2
Forms and Procedures	E-2
II. TDA Articles 4, 4.5, and 8 Claim Checklist	E-4
III. Annual TDA/STA/SGR Claim Forms	E-5
IV. Financial Reporting Forms.....	E-8
Form A-10 Summary of Revenues and Expenditures for Operations and Capital Projects ..	E-9
Form A-20 Schedule of Revenue Provided for Operations	E-11
Form A-21 Schedule of Actual and Projected Operating Expenses	E-14
Form A-21S Analysis of Proposed Budget Increases	E-16
Form A-22 Schedule of Actual and Projected Receipts of Capital Funds	E-18
Form A-23 Schedule of Proposed Capital Expenditures	E-20
Form C-10 & C-20 Transit CenterProjects	E-22
V. Performance/Operating Reporting Forms	E-25
Form A Performance Monitoring	E-26
Form B Statement of Efforts Made to Implement Performance Audit Recommendations..	E-28
Form C Schedule of Base Statistics for Fixed-Route and Demand-Responsive Transit Systems	E-30
VI. Base Statistics - Definition of Terms.....	E-34
APPENDIX F - FUND ELIGIBILITY WORKSHEET	F-1
APPENDIX G - REQUIRED STATEMENTS	G-1
Statement Regarding Accuracy of Budget Data.....	G-1
Statement Regarding Retirement System (Article 4 Only).....	G-1
Statement Regarding Charter Services	G-2
Statement Regarding Reduced Fares and Accessibility Requirements	G-2
APPENDIX H -A GUIDE TO THE SANDAG REGIONAL REPORTING SYSTEM PERFORMANCE INDICATORS	H-1
Introduction	H-1
Discussion	H-1
Cost-Effectiveness.....	H-2
Cost Efficiency	H-2
Service Productivity	H-3
Labor Productivity	H-3
Conclusion	H-4

DRAFT

CHAPTER 1 GENERAL INFORMATION

INTRODUCTION

PURPOSE

The Transportation Development Act (TDA) statutes¹ and the [California Code of Regulations](#) (CCR) require SANDAG, as the Regional Transportation Planning Agency (RTPA), to adopt rules and regulations supplemental to and consistent with, those of the California Department of Transportation to establish procedures for the administration of TDA funds. This TDA Manual follows the San Diego Association of Governments (SANDAG) [Board of Directors adopted TDA Policy](#) (January 2017) as amended.

This manual is available on the SANDAG Web site. Claimants are encouraged to check the website for any changes to the manual. The manual can be found at sandag.org/TDA.

BACKGROUND

The California State Legislature enacted the TDA (Mills-Alquist-Dedden Act) in 1971. It was signed and became effective in 1972. The TDA was enacted to assist local jurisdictions at the county level improve existing public transportation and encourage regional public transportation coordination. To this end, the TDA established two funding sources – the Local Transportation Fund (LTF) and the State Transit Assistance (STA) Program.

The LTF is derived from a 1/4 cent of the general sales tax collected statewide. The California Department of Tax and Fee Administration, based on sales tax collected in each county, returns the general sales tax revenues to each county's LTF. Each county then apportions the LTF funds within the county based on population. As the RTPA for the San Diego region, SANDAG is responsible for the annual allocation of monies from the LTF. The County Auditor serves as fund trustee.

The TDA was amended in 1979 (Senate Bill 620 [SB 620]) to create the State Transit Assistance (STA) Program (see [Chapter 8](#)). STA funds are derived from sales tax on diesel fuel and appropriated by the Legislature to the State Controller's Office (SCO). The SCO then allocates the tax revenue, by formula, to SANDAG and the San Diego Metropolitan Transit Development Board (MTS). The formula allocates 50 percent of the funds on the basis of the population in the region compared to the population of the state², and the remaining 50 percent is allocated according to the prior-year proportion of regional transit operator revenues compared with statewide transit operator revenues. STA funds may not be used to fund administration, streets, or roads projects.

In April 2017, the Governor signed Senate Bill 1 (SB 1), known as the Road Repair and Accountability Act of 2017. A portion of the transportation funding under SB 1, known as the State of Good Repair (SGR) Program, is available to transit operators for eligible maintenance, rehabilitation, and capital projects. The SGR is funded from the vehicle registration fee portion of STA revenues. These funds are allocated under the STA program formula with half of the funds allocated according to population and half according to transit operator

¹ All sections refer to the Public Utilities Code unless otherwise noted.

² Population split was re-defined as part of Assembly Bill 1113 and is updated on an annual basis.

revenues. The SGR is one of two programs that allocate SB 1 funds to transit agencies through the STA formula. The second program, augments the base of the STA program with a portion of the new sales tax on diesel fuel.

The [Public Utilities Code](#) (PUC) authorizes the California Department of Transportation (Caltrans) to administer the statutes and regulations of the TDA. The CCR requires LTF, STA, and SGR recipients to submit a fiscal audit report to the SCO annually. The SCO reviews TDA fiscal and compliance audits pursuant to the PUC and the CCR.

PRIORITIES FOR DISTRIBUTION

The following reflects the priorities for distribution of funds for the San Diego region:

1. **Administrative costs (99233.1):** Funds are allocated to the County Auditor and SANDAG for administrative expenses as necessary.
2. **Planning by statutorily created agencies (99233.2):** Up to 3 percent of annual revenues shall be allocated to SANDAG for the conduct of the transportation planning process.
3. **Bicycle and pedestrian facilities (99233.3):** Two percent of the money remaining in the fund may be available to the county and cities, for development of bicycle and pedestrian facilities and safety education programs. These funds are allocated by SANDAG based on a regionwide priority list of projects (see [Chapter 3 – Article 3](#)).
4. **Rail passenger service (99233.4):** Within the San Diego region, only Metropolitan Transit System (MTS), North County Transit District (NCTD), or SANDAG may file a claim under this provision for rail passenger service operating or capital improvement expenditures.
5. **Community transit services (99233.7):** Within the San Diego region, up to five percent of the remaining money in the fund shall be available to MTS, NCTD and the Consolidated Transportation Service Agency (CTSA) to provide community transit services. Community transit service means transportation services that link intracommunity origins and destinations including services for those such as the disabled who cannot use conventional transit services (see [Chapter 5 – Article 4.5](#)).
6. **Transit operator claims (99233.8):** The remaining money in the fund shall be allocated to MTS, NCTD and SANDAG to support public transit systems within the San Diego region (see [Chapter 4 – Article 4](#)).
7. **Express bus and vanpool services (99400.6):** Within the San Diego region, any claims for express bus service and vanpool shall be consistent with the plans of MTS and NCTD for such services subject to specified conditions (see [Chapter 6 – Article 8](#)).
8. **Commuter ferry services (99400.7):** Within the San Diego region, MTS and NCTD may file a claim to provide commuter ferry service on San Diego Bay for purposes of serving peak-period commute trips for pedestrians and bicycles (see [Chapter 6 – Article 8](#)).

LEGISLATIVE CHANGES

Since its inception, the Legislature has periodically amended the TDA. Legislative changes to date having an impact on this region are as follows:

Assembly Bill 813 (Chapter 354)

Effective January 2004, revises section 99268.17 that allows the exclusion of certain operating costs for purposes of calculating farebox recovery ratio. Operators can exclude additional costs required to provide complementary paratransit service and additional costs of liability insurance premiums. The additional cost would have to exceed the operator's costs from the prior year as adjusted by the Consumer Price Index. While this section of the law expired January 1, 2007, Senate Bill 508 (SB 508) amended section 99268.17 to include additional costs that may be excluded for farebox calculations.

Also revises section 99314.6(b) including additional exclusion of certain costs associated with calculating operating costs for purposes of determining an operator's eligibility to claim State Transit Assistance funds (STAFs).

Assembly Bill 1912 (Chapter 201)

Deletes section 99314.5(c) and adds section 99314.5(e) related to employment of part-time drivers.

Senate Bill 1703 (Chapter 743)

Effective January 1, 2003, this bill creates the 'consolidated agency' that combines the planning functions of SANDAG, Metropolitan Transit Development Board (MTDB), and San Diego North County Transit Development Board.

County of San Diego (County Transit System)

On February 13, 2002, the San Diego County Board of Supervisors approved the divestiture of the County Transit System (which includes the express, suburban, rural, and all demand-response services) to MTDB, effective June 28, 2002.

Senate Bill 521 (Chapter 297)

Effective January 1, 2002, this bill repeals Section 120265 and adds Section 120354 of the Public Utilities Code. MTDB will no longer assess an annual formula for funding regional services. Rather, SB 521 states that MTDB shall consolidate all available local, state, and federal transit funds for the provision of mass transit service in coordination with the various transit operators in MTDB's service area. The use of funds shall be prioritized as follows:

9. Services provided pursuant to the Americans with Disabilities Act (ADA)
10. Local match requirements for federal and state transit capital grants
11. Local and regional service base
12. Any additional planning and operation of transit services approved by the Board.

Senate Bill 508 (Chapter 716)

On October 9, 2015, this bill was approved by the Governor. This bill amends Sections 99233.3, 99234, 99247, 99268.2, 99268.3, 99268.4, 99268.17, and 99268.19. This bill also amends, repeals, and adds Section 99314.6 of the Public Utilities Code. The bill authorizes claims for funds for pedestrian safety education

programs; deletes, revises, and exempts certain farebox recovery requirements; and revises certain State Transit Assistance qualifying criteria for operations.

In addition to authorizing the funding of bicycle safety education programs up to 5 percent of the 2 percent bicycle and pedestrian allocation found under Article 3 (PUC Section 99234(a)), the bill also authorizes the funding of pedestrian safety education programs from the 5 percent amount.

Specifically, SB 508 deletes the requirement for transit operators to maintain higher farebox requirements based on the 1978-79 fiscal year. It also revises the definition of local funds and operating cost and exempts startup costs and additional categories of expenditures from operating cost.

SB 508 changes STA qualifying criteria for operations by using a sliding scale to reduce operator STA allocation for operations rather than a pass/fail. It exempts the STA qualifying criteria requirement through fiscal year 2015-16 and institutes the new sliding scale effective July 1 2016.

AB 1113 (Chapter 86)

On July 21, 2017, AB 1113 was approved by the Governor. This bill amends Sections 99243, 99312, 99312.1, 99312.7, 99313, 99313.1, 99313.3, 99313.6, 99313.7, 99314, 99314.1, 99314.2, 99314.3, 99314.4, 99314.5, 99314.6, and 99314.8. This bill also repeals and adds Section 99312.2 of the Public Utilities Code. This bill revises and recasts the provisions governing the STA program and provides that only STA-eligible operators, as defined, are eligible to receive an allocation from the portion of program funds based on transit operator revenues.

In addition, this bill provides that each STA-eligible operator, within the jurisdiction of the allocating local transportation agency, receive a proportional share of revenue-based program funds based on the qualifying revenues of that operator and population, as defined. In accordance with PUC Section 99313, SANDAG as the RTPA, shall provide Caltrans with the population on its respective jurisdiction using recent estimates from Department of Finance on an annual basis. The bill also revises the duties of the Controller and the Department of Transportation in administering the program and makes various other conforming changes and deletes obsolete provisions.

This bill requires that each recipient of TDA funds submit the annual State Controller's Report (CCR 6665) and annual certified fiscal audit (Section 99245) before the required deadline. In addition, this bill requires certain information be reported by transportation agencies with respect to eligibility for funding of STA-eligible operators under the STA program.

SB 1 (Chapter 5)

Approved by the Governor on April 28, 2017, SB 1 provides new transportation funding, including funding for transit service. SB 1 increases the additional sales and use tax rate on diesel fuel and continually appropriates revenues to the Controller for allocation to transportation agencies for public transit purposes under the STA Program. This bill restricts expenditures of fee revenues made available to the STA Program to transit capital purposes and certain transit services and requires recipient transit agencies to comply with various requirements.

SB 1 amended various sections, including Section 99312.1 of the Public Utilities Code and added Section 99314.9. Section 99312.1 continuously appropriates STA Program revenues to the SCO for allocation to transportation planning agencies, county transportation commissions, and MTS with 50 percent of revenues being allocated pursuant Section 99314 and 50 percent pursuant to Section 99313.

A portion of SB 1 provides funds to transit operators for eligible transit maintenance, rehabilitation, and capital projects. This investment in public transit is referred to as the State of Good Repair (SGR) Program, which is funded from a vehicle registration fee with funds allocated under the STA Program. Prior to receiving an apportionment of funds, a recipient agency is to submit to the Department of Transportation a list of projects proposed to be funded with SB 1 funds and upon expending those funds, recipients must submit documentation that includes a description and location of completed projects, amount of funds expended, completion dates, and the estimated useful life of the improvement.

In addition, this bill requires an audit of transit operator finances to verify that the revenues are expended in conformance with SB 1 requirements. Section 99314.9 also requires the Controller to compute quarterly proposed allocations for STA program funds and to publish the allocations for each eligible recipient agency.

AB 90 (Chapter 17)

Approved by the Governor on June 29, 2020, AB 90 includes various statutory relief measures including instituting a hold harmless provision for calculation and allocation of State Transit Assistance Program, STA-State of Good Repair, and Low Carbon Transit Operations Program (LCTOP) allocations. The bill also temporarily suspends the financial penalties associated with the TDA's requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares and temporarily suspends the financial penalties associated with the STA Program's requirements that transit agencies' operating cost per revenues vehicle hour may not exceed operating cost per revenues vehicle hour adjusted by regional CPI, year over year.

SB 942 (Chapter 988)

Senate Bill 942, enacted in California in 2022, modifies the Low Carbon Transit Operation Program (LCTOP) to streamline funding for free or reduced fare transit initiatives. Previously, transit agencies were required to demonstrate annual greenhouse gas (GHG) emission reductions to qualify for LCTOP funds. SB 942 removes this requirement for agencies that have already implemented such fare programs, allowing them to continue receiving funding without annual GHG reduction demonstrations. This change aims to reduce administrative burdens and support the ongoing provision of affordable transit options, particularly disadvantaged communities. SB942 extends the suspension of penalties associated with required ratios of fare revenues for operators.

CHANGES IN TDA RULES AND REGULATIONS

The full text of the TDA, as amended, is available in the Caltrans publication TDA - Statutes and California Code of Regulations, as well as at its Web site <http://www.dot.ca.gov/dmrt/sptda.html>. The updated version includes all administrative rules and regulations most recently adopted by the Director of the Department of Transportation with the advice and consent of the California Transportation Commission, as contained in the California Code of Regulations.

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CHAPTER 2 COUNTY AUDITOR'S RESPONSIBILITIES

COUNTY AUDITOR'S RESPONSIBILITIES

The County Auditor in each county in the state is the designated trustee for that county's TDA funds. Prior to February 1 of each year, the County Auditor is required (CCR 6620) to furnish the Transportation Planning Agency (SANDAG) with an estimate of monies anticipated to be deposited in the LTF during the ensuing fiscal year. The County Auditor also must provide an estimate of the TDA fund balance after all allocation instructions and payment schedules have been honored for the current fiscal year. Estimates include interest income for the ensuing fiscal year, as well as sales tax revenues.

Based on the estimates furnished by the County Auditor, SANDAG apportions the funds available in conformance with priorities stated in the law (99233).

In addition to estimating TDA fund availability, the County Auditor also is responsible for maintaining accounting records for the fund and for disbursing TDA monies in accordance with allocation instructions received from SANDAG. However, the County Auditor is to make no payment for any allocation instruction that is in conflict with the law, but shall refer such matters to SANDAG for resolution.

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CHAPTER 3 BICYCLE AND PEDESTRIAN CLAIMS

BICYCLE AND PEDESTRIAN CLAIMS – TDA ARTICLE 3

INTRODUCTION

This chapter describes the claim process for bicycle and pedestrian projects, also known as active transportation projects. Claims may be filed annually (by April 30 of each year) with the transportation planning agency by eligible local cities, the RTPA, and the County of San Diego under Article 3 for the following purposes:

Two percent of TDA funds are apportioned each year for facilities provided for the exclusive use of pedestrians and bicyclists. Local cities, the RTPA, and the County of San Diego may file claims for these funds. These funds are supplemented with *TransNet* bicycle, pedestrian, and neighborhood safety funds for planning and construction of facilities intended for use by bicyclists, pedestrians, and neighborhood safety/traffic calming projects.

The San Diego Transportation Improvement Program (*TransNet*) Extension approved by the voters in 2004 also includes an annual allocation of 2 percent of the total annual revenues dedicated to the Bicycle, Pedestrian, and Neighborhood Safety Program³. The Bicycle, Pedestrian, and Neighborhood Safety Program provides funding for bikeway facilities and connectivity improvements, pedestrian and walkable community projects, bicycle and pedestrian safety projects and programs, and traffic calming projects through a competitive grant program. The following link provides additional information on the *TransNet*/TDA Active Transportation Grant Program: <http://www.sandag.org/index.asp?classid=34&projectid=491&fuseaction=projects.detail>

In September 2013, the SANDAG Board of Directors approved the Regional Bike Early Action Program (Regional Bike EAP) with the goal of implementing Regional Bicycle Network High Priority Projects within ten years. The Board's action also included continuing to fund local bicycle and pedestrian plans, programs, and projects through the competitive *TransNet*/TDA Active Transportation Program which is supplemented with TDA revenues⁴. The following link provides additional information on the Regional Bike EAP: <https://www.keepsandiegomoving.com/RegionalBikeProjects/introduction.aspx> TDA Project Eligibility

The law specifies that TDA funds should be allocated according to the regulations adopted by SANDAG as the regional transportation planning agency. It also identifies certain categories of eligible projects. These specific project types represent neither an exhaustive list nor are they listed as priorities (Public Utilities Code [PUC] Sections 99233.3 and 99234). They are summarized below for reference and at the following link: <http://www.sandag.org/index.asp?classid=34&projectid=491&fuseaction=projects.detail>. Project evaluation criteria, established by SANDAG Board policy, are discussed later.

- Construction, including related engineering expenses, of bicycle and pedestrian facilities.
- Maintenance of bicycle trails provided they are closed to motorized traffic.

³ The Bicycle, Pedestrian, and Neighborhood Safety Program also is referred to as the *TransNet*/TDA Active Transportation Grant Program (ATGP).

⁴ When the SANDAG Board approved the Regional Bike Early Action Program in September 2013, it limited the ATGP to \$1 million per year with the remainder allocated to the Regional Bike EAP.

- Projects serving the needs of commuting bicyclists, including but not limited to, new paths serving major transportation corridors, secure bicycle parking at employment centers, park-and-ride lots, and transit centers where other funds are not available.
- A comprehensive bicycle and pedestrian facilities plan (no more than once every five years), with an emphasis on bicycle projects intended to primarily accommodate non-recreational bicycle trips.
- Up to 20 percent of the cost to restripe Class II bicycle lanes.
- Up to 5 percent of the amount available to a city or the county may be expended in conjunction with other funds to support bicycle and pedestrian safety education programs, so long as the funds are not used to fully fund the salary of any one person.

TransNet Project Eligibility

TransNet bicycle, pedestrian, and neighborhood safety (also known as the *TransNet/TDA* Active Transportation Program) funds may be expended for all purposes necessary and convenient to the design, right-of-way acquisition, and construction of facilities intended for use by bicyclists, pedestrians, and neighborhood safety/traffic calming projects. These funds can be used for capital and non-capital projects and programs that help to encourage bicycling and walking.

Eligible [capital projects](#) include facilities intended for use by bicyclists and pedestrians and/or provide safer roadway access through traffic calming. Eligible activities include design, environmental, right-of-way acquisition, construction, and installation of traffic control devices. Eligible capital projects may include, but are not limited to:

- New bicycle facilities including paths and bicycle boulevards
- Bicycle lane striping and widening
- New sidewalks, widening of sidewalks, sidewalk gap closures
- New pedestrian facilities
- Pedestrian over and under crossings
- Shortcuts to shorten bike/walk travel time and provide for safer connections
- High visibility crosswalks (ladder/zebra/continental style)
- Bulb outs and intersection treatments
- Roundabouts and traffic circles
- Speed humps and speed tables
- Raised intersections
- Median refuges
- Road diets
- Full or half street closures
- Pedestrian and bicycle-related traffic control devices and pavement markings
- Pedestrian-scale lighting
- Signage and wayfinding

Eligible [non-capital projects](#) include planning projects; education, encouragement and awareness programs; and bicycle parking.

Eligible planning projects address bicycle and/or pedestrian access, primarily to accommodate non-recreational bicycle and walking trips, through neighborhood or citywide plans. Eligible planning projects may include, but are not limited to:

- Comprehensive Active Transportation Strategies,
- Bicycle Master Plans, and
- Required environmental documents.
- Stand-alone pedestrian master plans are not eligible.

Eligible education, encouragement and awareness programs include, but are not limited to:

- Education Programs that teach walking and bicycling safety skills to children and adults through schools, places of employment, community centers, or other venues.
- Encouragement Programs that propose targeted outreach and events designed to encourage walking and bicycling as a viable mode of transportation for everyday/utilitarian trips.
- Awareness Programs that intend to improve overall roadway safety, especially for bicyclists and pedestrians, by impacting the attitudes and behaviors of the general public through multimedia campaigns.

Eligible bicycle parking projects intend to plan and implement bicycle parking facilities and must be designed for general public access (may NOT exclusively serve any single entity). Eligible projects may include, but are not limited to: bike racks, bike lockers, bike corrals and bike stations.

SANDAG Claim Requirements

SANDAG has the authority to establish criteria applicable to analyzing and evaluating claims for non-motorized transportation facilities (PUC Section 99401). To be considered for funding, a claim must be part of the Regional Bike EAP for regional projects or evaluated based upon the SANDAG-adopted *TransNet*/TDA Active Transportation [capital](#) or [non-capital](#) scoring criteria for local projects. TDA Claim Submittal Process

TDA non-motorized claims for the ensuing fiscal year must be submitted to SANDAG. To be considered for funding, the Annual Claim Application must be fully completed. In addition, please consider the following, if applicable:

- All claims, including those supporting educational or promotional programs and claims for planning projects, must include a project budget, work program, and project schedule.
- No later than April 30 of each year, include a certified copy of a resolution or minute order in which the planning group, planning commission, or governing body of the claimant authorizes the claim.

Applicants must submit their claim in electronic PDF format and hard copy.

TDA Evaluation Process

The evaluation process for *TransNet* / TDA Active Transportation projects is consistent with the way SANDAG evaluates and prioritizes other components of the transportation system, such as arterial, highway, and transit projects. Transportation project priorities are established in planning documents like the Regional Transportation Plan (RTP). Priorities also are used for funding decisions that are programmed in the Regional Transportation Improvement Program (RTIP). The criteria used to establish the Bike Early Action Program are included in the [Regional Bike Plan](#). For local projects, the evaluation criteria support the overall goals and objectives SANDAG has for improving the regional transportation system and promoting smart growth in the region by giving priority to projects that enhance the existing transportation network as a whole. The criteria to be used in the evaluation process for local projects are specified in the [capital](#) and [non-capital](#) Project Evaluation Criteria Matrices.

Claimants for TDA bicycle and pedestrian projects and *TransNet* bicycle, pedestrian, and neighborhood safety projects will be responsible for accurately filling out the Annual Claim Application.

Each claimant receiving TDA funds and the County of San Diego, as trustee of the Local Transportation Fund, are required to submit an annual certified fiscal audit conducted by an independent auditor. With the exception of transit operator recipients, SANDAG procures an independent auditor on behalf of the TDA recipients and will transmit the audits to the State Controller within 180 days after the end of the fiscal year (99245). It is the responsibility of the claimants to ensure that audits progress in a timely manner. Any delays in the audit require a request to SANDAG for an extension of no more than 90 days. [Appendix B](#) provides additional information regarding the fiscal audit requirements

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CHAPTER 4 TRANSIT OPERATOR CLAIMS

TRANSIT OPERATOR CLAIMS – TDA ARTICLE 4

INTRODUCTION

Claims may be filed annually (by April 30 of each year) with the transportation planning agency by eligible transit operators under Article 4 for the following purposes (99260):

1. The support of public transportation systems
2. Aid to public transportation research and demonstration projects
3. Contributions for the construction of grade separation projects

Eligible Expenses

TDA monies claimed by public transit operators can be used for all purposes necessary and convenient to the development and operation of a public transportation system, including the following (99262):

1. Planning and contributions to the transportation planning process
2. Acquisition of real property
3. Construction of facilities and buildings
4. Purchase and replacement of vehicles
5. Systems operation
6. Maintenance and repair
7. Debt payment

Claim Restrictions

1. The expenditure of funds received under this article by an operator may in no year exceed 50 percent of the amount required to meet operating, maintenance, and capital and debt service requirements of the system after deduction therefrom of approved federal grants estimated to be received and funds estimated to be allocated (Section 99268).
2. In order to qualify for TDA funds under Article 4, an operator must maintain certain fare revenue to operating cost or fare revenue plus local support to operating cost ratios (see [Appendix A](#) for definitions of fare revenue, local support, and operating cost) as established by 99268 through 99269 and 99270.1, depending on the characteristics of the operator and its service area.
3. Section 99268.1 states that commencing with claims for the 1980-81 fiscal year, an operator that was in compliance with Section 99268 during the 1978-79 fiscal year in order to be eligible for funds under this article shall be eligible for such funds in any fiscal year, if it remains in compliance with that section during the fiscal year. The determination of compliance for any fiscal year shall be made in the same manner as the determination was made for the 1978-79 fiscal year.
4. In the case of an operator required to be in compliance with Section 99268 under Section 99268.1, the operator may be allocated additional funds that could not be allocated to it because of those requirements, if it maintains, for the fiscal year, a ratio of fare revenues to operating cost, as defined

by subdivision (a) of Section 99247 (See [Appendix A](#) for definitions and exclusions from the definition of operating cost pursuant to Section 99268.17), at least equal to one-fifth if serving an urbanized area or one-tenth if serving a nonurbanized area (Sections 99268.2, 99268.3, and 99268.4). If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by Article 4, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any non-federal or non-state grant funds or other revenues generated by, earned by, or distributed to an operator (Section 99268.19).

5. Under the provisions of 99269, all operators within the MTS service area are considered as a single operator for the purpose of meeting the farebox recovery requirement. In order for these operators to be eligible for Article 4 funds, the areawide farebox recovery, as determined on the basis of total operating costs and total fare revenues for all operators, must equal or exceed the areawide ratio for fiscal year 1979, or 31.9 percent. This affects all Article 4 claimants filing a claim with MTS which includes San Diego Transit Corporation, San Diego Trolley Incorporated, Contract Services, and Chula Vista Transit. For these operators, the individual farebox recovery is not a factor in determining eligibility for Article 4 funds.
6. The remaining operators and transit service claimants are subject to the applicable farebox recovery requirement as summarized below:

Operator	Required Ratio	PUC Section
MTS	20%	99269
NCTD	18.8%	99270.1
MTS/NCTD Services for Elderly and Disabled Persons	10%	99268.5

7. If an operator fails to maintain the required ratio as described in #2, then the operator's eligibility to receive both LTF and STA funds shall be reduced during the subsequent penalty year by the amount of the difference between the level of fare revenues required to meet the specified ratio and the actual fare revenues for the year the ratio was not achieved. The penalty year shall begin one-year after the end of the fiscal year during which the required ratio was not met (99268.9), **unless current statute allows for the temporary waiver of penalties.**
8. The fare revenue and local support ratios shall not apply to an extension of public transportation services until two years after the end of the fiscal year during which the extension of service was put into operation (99268.8). The fare revenues and operating costs attributable to new service extensions shall be excluded from the ratio determinations if the extensions meet the definitions of CCR 6619.1 and the conditions of CCR 6633.8.
9. No operator shall be eligible for funds if it routinely staffs a vehicle designed to be operated by one person with two or more persons (99264).
10. An operator shall be eligible for Article 4 funds only if the current cost of its retirement system is fully funded with respect to the officers and employees of its public transportation system, or if the operator is implementing a plan approved by the TPA (SANDAG) which will fully fund the retirement system within 40 years (99271).
11. An operator that has a private pension plan shall be eligible for Article 4 funds only if it meets all of the requirements of 99272 and 99273.

12. The total amount of monies from the LTF and the state STAF that an operator or transit service claimant is eligible to receive during the fiscal year is determined by the provisions of 21 CCR Section 6634 (fund eligibility). [Appendix F](#) contains a worksheet to assist in determining maximum fund eligibility.
13. An operator or transit service claimant shall spend monies received from the LTF or STAF only in accordance with the terms and conditions of the allocations, as set forth in the LTF allocation instructions or STAF allocation resolution. If unforeseen situations develop during the year such that the operator or transit service claimant cannot comply with the terms and conditions of the allocations, the operator or transit service claimant shall request that SANDAG consider a revised allocation instruction or resolution per 21 CCR Section 6636 (implementation). In addition, if an operator or transit service claimant desires, in mid-year, to implement a new service which results in an increase (or decrease) of 15 percent or greater over the operating budget of the previously approved claim, then the claimant shall request a revised allocation before any expenses associated with the proposed service changes are incurred.
14. Any operator providing charter service must meet the requirements of 99250. Under these requirements, all charter bus service must contribute financially to the reduction of deficits incurred in the operation of scheduled bus service. Charter bus service rates charged must equal the average of the three lowest current rates charged by private charter bus carriers actually operating charters originating in the same service area during the prior year, or they must be at least equal to the fully allocated cost of each charter operated. These rates must be reviewed and adjusted not less than semiannually. However, if the operator determines that there is a public need that cannot be met otherwise, charter service may be provided to charitable or public service organizations at direct cost, not to exceed \$10,000 or a total of 40 charter buses per year, whichever occurs first. An example statement certifying that these requirements have been met is included in [Appendix G](#).
15. Each claim must include a certification completed within the last 13 months from the Department of the California Highway Patrol indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code. This section requires operators to participate in a pull notice system for obtaining current driver records from the Department of Motor Vehicles.
16. Transit operators are subject to the reduced transit fare and related eligibility requirements of Section 99155 and 99155.5. [Appendix G](#) provides a sample statement certifying compliance with these requirements.

Claim Process

At the second SANDAG Transportation Committee meeting each February, SANDAG publishes the annual TDA apportionment schedule and the five-year revenue projections for the transit operators. The transit operators shall provide budget information to SANDAG in sufficient detail to support their TDA claims. By April 30 (or last weekday of the month), any claimant wishing to receive funding for the ensuing fiscal year must submit a claim to SANDAG, which must include the supplemental information as described in the following section.

Claim Forms and Required Information

Each claimant shall complete the annual TDA claim form and the specified reporting forms and submit the claim along with the supplemental information listed in the claim checklist. These forms are designed to assist the operators in meeting the various requirements of the TDA and to assist SANDAG in meeting its administrative responsibilities.

In addition, all operators shall participate in the regionwide performance improvement program through the Coordinated Plan (The Regional Short-Range Transit Plan & Coordinated Public-Transit-Human Services Transportation Plan) process.

The claim checklist outlines supplemental information required as part of each claim. The items in the checklist (see [Appendix E](#)) are intended to meet the various requirements of the TDA.

Claim Revision or Amendment Process

An operator may request a revision to an approved allocation when changes in circumstances warrant. An allocation revision is required when an operator wishes to increase the total TDA allocation, or to use the funds for a purpose other than the one for which they were allocated. For example, use of operating funds to support a capital project or any transfer of funds from operating or capital support into a capital reserve pursuant to CCR 6648 require approval by the transit agency board and then approval by SANDAG.

A request for an allocation revision or amendment should include information detailing the reason for the revision/amendment request (including a change in the operating and/or capital budgets) and a table comparing the old claim total and the new claim total. A certified copy of a resolution or minute order in which the governing body authorizes the change must accompany the revision/amendment. Changes in the capital program must be clearly identified.

Reporting Requirements

1. Each operator and transit service claimant is required to prepare and submit an annual report of its operations in accordance with the uniform system of accounts and records adopted by the State Controller pursuant to 99243 ([Appendix D](#)). Accurate and complete records shall be maintained and all such fiscal, and accounting records, and supporting papers shall be retained. The annual report must be submitted to SANDAG and the State Controller within seven months after the end of the fiscal year. The annual report shall include (CCR 6637):
 - a. The amount of revenue generated from each source and its application for the preceding fiscal year.
 - b. The data necessary to determine whether the operator is in compliance with 99268.1, 99268.2, 99268.3, 99268.4, 99268.5, and 99268.9 (farebox recovery requirements).
 - c. The financial data reporting forms specified by the State Controller for the annual report.
 - d. The nonfinancial operating data described in the federal "Uniform System of Accounts and Records and Reporting Systems," January 1977. The claimant shall report the nonfinancial operating data on the forms specified by the State Controller.
 - e. A supplement including an estimate of revenues to be generated from each source and its proposed application for the next fiscal year and a report on the extent to which the claimant has contracted with the Prison Industry Authority, including the nature and dollar amounts of all contracts entered into during the reporting period and proposed for the next reporting period.
2. The State Controller shall instruct the County Auditor to withhold payments from the fund to any operator that has not submitted its annual report to the State Controller within the time specified after the close of the fiscal year (99243).

3. Each claimant is required to submit operating statistics to SANDAG (see [Appendix E](#)) on a quarterly basis, no later than 45 days after the end of each quarter.
4. Each claimant receiving TDA funds, and the County of San Diego is required to submit an annual certified fiscal audit conducted by an independent auditor. SANDAG procures an independent auditor on behalf of the TDA recipients, except for transit operators, and will transmit the audits to the State Controller within 180 days after the end of the fiscal year (99245). It is the responsibility of the claimants to ensure that audits progress in a timely manner. Any delays in the audit require a request to SANDAG for an extension of no more than 90 days. [Appendix B](#) provides additional information regarding the fiscal audit requirements
 - a. A transit district, transit operator, transit service claimant or other provider may expand the scope of its audit pursuant to Section 99245.2 to meet the audit requirements of other funding sources. An audit done pursuant to the Federal Single Audit Act of 1984 may be used to meet the requirements of Section 99245 providing it meets the requirements of section 99245 including a certification that the funds allocated to the claimant pursuant to Section 99245 were expended in conformance with applicable laws and rules and regulations. The report will be transmitted to SANDAG and the State Controller within 180 days after the end of the fiscal year.
5. A performance audit of each operator is required triennially. Similar to the annual fiscal audit, SANDAG procures an independent third party to conduct the performance audit. Additional information regarding the performance audit requirements are contained in [Appendix C](#) and the Transit Operator's Performance Audit Guide published by SANDAG.
6. For an operator excluding the fare revenues and operator costs attributable to an extension of new services from the determination of its fare revenue and local support ratios, as described under Claim Restrictions #3, a report must be submitted to SANDAG within 90 days after the end of the fiscal year. The report shall include, but not be limited to, the following (CCR 6633.8(c)):
 - a. A description of the area served and the routes or portions of routes included
 - b. The amount of fare revenues generated by the extension and the method used to derive that amount
 - c. The amount of the operating cost for the extension and the method used to allocate costs between the extension of service and the claimant's other services

Timetable

The following is a timetable which lists the key dates of the cycle of preparing claims, allocating monies, and preparing final reports. References to the appropriate California Code of Regulations (CCR) sections are included.

February 1	County Auditor provides estimate of LTF monies available for the ensuing fiscal year to SANDAG (6620).
February	SANDAG Board approves the annual apportionments available for allocation (6644) and advises prospective claimants.
April 30	Claims are due to SANDAG (6630). Claimants are encouraged to review the updates to the Claim Manual, use the check-off list provided, and include it as part the claim package.
June	SANDAG Board of Directors reviews and approves the claims.
June 30	SANDAG conveys initial allocation instructions for the next fiscal year to County Auditor 6659).
September 1	SANDAG transmits a schedule of performance audits to be submitted during the fiscal year and a list of all operators or claimants who operated or commenced operations during the prior fiscal year to the California Department of Transportation (6664.5).
September 30	Non-transit claimants submit expenditure reports to State Controller (6665).
September 30	Claimants submit reports on extension of service to SANDAG (6633.8).
November	TDA recipients submit extension requests
December	SANDAG submits, on behalf all claimants using its independent auditor, the certified fiscal audit for fiscal year ending June 30 (unless granted a 90-day extension) to the State Controller (99245). Transit operators choosing to use their own independent auditor are responsible to submit their report to SANDAG and the State Controller.
January 31	SANDAG submits the annual State Controller's Report (6660).
Triennially	SANDAG submits the performance audits to the California Department of Transportation (6662.5) for all operators of transit service and for SANDAG for planning functions.

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CHAPTER 5 COMMUNITY TRANSIT SERVICE CLAIMS

COMMUNITY TRANSIT SERVICE CLAIMS – ARTICLE 4.5

INTRODUCTION

The legislature has provided for the use of up to 5 percent of the annual TDA funds for community transit services, which include services for those such as the disabled, who cannot use conventional transit services. Eligible claimants are cities, counties, public transit operators, and consolidated transportation service agencies. Claims can be made only by public agencies. However, community transit services can be provided by private operators (e.g., taxicab companies) under contract with a public agency on a competitive bidding basis.

California Code of Regulations 6644 provides that the maximum available for claims filed under Article 4.5 shall be 5 percent of the sum of the apportionments of the areas of all operators remaining after subtracting any amounts allocated pursuant to 99233.4, 99233.5, and 99233.6. The amount available for Article 4 claims is that amount remaining after the adjustment for the proportion made available for Article 4.5 allocations.

Transportation Development Act Article 4.5 claims may be filed with the transportation planning agency (SANDAG) by a city, a county, an operator, or a CTSA, to provide “community transit services” which are defined as transportation services which link intracommunity origins and destinations.

Requirements

The SANDAG Board must find that a claim meets the following minimum requirements prior to approval of a claim (99275.5):

1. That the proposed community transit service is responding to a transportation need currently not being met in the community of the claimant.
2. That the service shall be integrated with existing transit services, if appropriate.
3. That the claimant has prepared an estimate of revenues, operating costs, and patronage.
4. That the claimant is in compliance with the applicable farebox recovery ratio requirements (99268.3, 99268.4, 99268.5, or 99268.9). For exclusive elderly and handicapped services, 10 percent of the claimant’s operating costs must be recovered through fare revenues. However, local support may be included toward meeting the 10 percent requirement. A CTSA performing coordination activities is exempt from this requirement.
5. That the claimant is in conformance with the requirements of 99155 and 99155.5 relating to the honoring of specified identification cards by operators offering reduced fares for seniors and the disabled and other eligibility requirements.

In addition to the requirements of 99275.5, claimants are encouraged to enter into a formal competitive bidding process in choosing to provide service through a contract operator as authorized by 99277.

ARTICLE 4.5 FUND DISTRIBUTION FORMULA

In order to include the CTSA in the fund distribution process, a maximum of 2 percent of the total available will be set aside to support claims by the CTSA. The CTSA claim is to include a work program to be reviewed by SANDAG and the other Article 4.5 claimants. The remaining amount will be apportioned pursuant to Public Utilities Code (PUC) 99233.7 and shall be divided between the MTS and the North County Transit District service areas based on the ratio of the total population in each area to the total population in both areas.

Board-Adopted Priorities

In view of the limited funds available under the Article 4.5 program, the SANDAG Board has adopted the following priorities for the allocation of Article 4.5 funds:

1. The Article 4.5 program is intended to serve those population groups that cannot use conventional, fixed-route transit services, primarily persons with disabilities as defined by the ADA. Service to persons such as the nondisabled elderly should be provided only when capacity is available. TDA Article 4 funds are the more appropriate source of support for general public transit services.
2. Priority shall be given to providing accessible curb-to-curb services to all communities within the urbanized area, based on fund availability, prior to the expansion of the level of service within the existing service areas.
3. Additional services proposed within areas currently served by another operator will be considered only on the basis of fund availability and a clear demonstration of unmet needs.

Claim Content

Community transit service claims are to be filed in the same manner as Article 4 transit operator claims following the claim timetable outlined in [Chapter 4](#). Transit service claimants should refer to the claim checklist ([Appendix E](#)) for the claim forms and additional information required. Community transit service claims should include all of the information listed in the checklist.

Reporting Requirements

1. Each claimant receiving TDA funds, and the County of San Diego is required to submit an annual certified fiscal audit conducted by an independent auditor. SANDAG procures an independent auditor on behalf of the TDA recipients and will transmit the audits to the State Controller within 180 days after the end of the fiscal year (99245). It is the responsibility of the claimants to ensure that audits progress in a timely manner. Any delays in the audit require a request to SANDAG for an extension of no more than 90 days. [Appendix B](#) provides additional information regarding the fiscal audit requirements.
2. Each transit service claimant is required to submit an annual report of its operations, consistent with the Uniform System of Accounts, to SANDAG and the State Controller within 90 days after the end of the fiscal year (see [Chapter 4 – Report Requirements #1](#)).
3. Each transit claimant is required to submit operating statistics to SANDAG (see [Appendix E](#)) on a quarterly basis.

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CHAPTER 6 SPECIAL PROVISION CLAIMS

SPECIAL PROVISION CLAIMS – ARTICLE 8

INTRODUCTION

This chapter summarizes claims for projects under special provisions of the TDA. Special provision claims generally refer to Article 8 claims for local street and road improvements, multimodal terminals, and express bus, vanpool and commuter ferry services. Article 8 allows the cities and transit operators to file claims for the construction and maintenance of multi-modal transportation terminals anywhere in the County of San Diego or a city in the county, as the case may be (99400.5). The transit operators also may file claims for express bus services and vanpool services (99400.6).

Local Street and Road Claims

Due to the provisions of 99232, jurisdictions within San Diego County are not eligible to claim Article 8 monies for local street and road improvements.

Multimodal Terminal Claims

Each multimodal terminal claim shall include the annual TDA claim form, a project description (including any feasibility, site analysis, or related studies which have been prepared and not previously submitted), and the estimated project cost and source(s) of funds. The funding request should cover work that is scheduled to begin in the fiscal year of the claim. It should be supported by completing the Schedule of Article 8 Funding for Transit Centers (Form C-10) included in [Appendix E](#). Project construction costs should be documented on the Schedule of Estimated Transit Center Costs (Form C-20) also in [Appendix E](#). If the project is to be implemented in phases, include in the project description the estimated implementation dates and related costs for each phase (i.e., preliminary engineering, right-of-way acquisition, construction, etc.)

Claims may be submitted for planning or feasibility studies undertaken to develop new transit centers. In addition to an annual claim form, such claims must contain a work program describing the objectives and tasks of the study, and projected time frame of the study. The claim also must contain a budget breakdown showing both the sources and uses of funds required for the study. The budget should be submitted in table format listing the TDA and any other revenues anticipated for the project. Cost data should identify direct staff costs, support costs, and consultant costs, if any.

Express Bus and Vanpool Service Claims

Eligible claimants may file claims for express bus services and vanpool services oriented toward serving work commute trips and providing accessibility between residential areas and major activity centers. Each claim for express bus services or vanpool services shall include the same claim forms and required information as Article 4 operator claims. These claims should be submitted by April 30 following the claim timetable outlined in [Chapter 4](#). Express bus service claims should be accompanied by a statement describing the consistency of the proposed services with the regional Coordinated Plan. Vanpool service claims are limited to the actual cost of acquiring vans, with the local transportation fund to be reimbursed for the amount of the claim within the passenger service life of the vans.

Commuter Ferry Service Claims

Cities within the County of San Diego may file claims to provide commuter ferry service on San Diego Bay for the purpose of serving peak period commute trips for pedestrians and bicycles. The commuter ferry service may be located anywhere on the San Diego Bay, but shall be consistent with the RTP, shall serve employment centers and high-volume activity centers, and may be provided by contract with operators, private entities operating under a franchise or license, or nonprofit corporations.

Pursuant to SB 1433, the ferry service is exempt from the farebox recovery ratio requirement pursuant to CCR 6633.2(1).

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CHAPTER 7
TRANSIT PERFORMANCE
IMPROVEMENT RECOMMENDATIONS

TRANSIT PERFORMANCE IMPROVEMENT RECOMMENDATIONS

INTRODUCTION

Pursuant to the provisions of 99244, SANDAG is responsible for identifying and recommending potential performance improvements that can lower the operating costs of transit operators. The recommendations for improvements shall include, but not be limited to, those recommendations related to productivity made in the triennial performance audit pursuant to 99246.

Section 99244 further requires that prior to determining the allocations of TDA funds to an operator for the next fiscal year, SANDAG must review and evaluate the efforts made by the operator to implement any recommended improvements made prior to the current fiscal year.

If a determination is made that an operator has not made a reasonable effort to implement the recommended improvements, then SANDAG shall not approve the allocation of TDA funds to an operator for the support of its public transportation system for the next fiscal year in any amount which exceeds the allocation to the operator for such purposes for the current fiscal year.

Following are the performance improvement recommendations to be implemented by each claimant. SANDAG will describe the efforts made by each transit agency to implement the respective recommendations (Forms A and B).

Transportation Performance Improvement Recommendations

Performance improvement is best measured over a multiyear timeframe that focuses on longer term trends. In order to measure multiyear improvements, performance recommendations for fixed-route and demand-response operators are divided into two categories: (1) performance improvement recommendations, and (2) performance audit recommendations. Each claimant will be required to provide base statistical information (Form C) to SANDAG so that SANDAG can determine if reasonable effort was made to implement the recommendations. Each performance measurement and corresponding recommendation is discussed below.

Performance Measures

Each claimant will have six performance categories, progress toward which will be measured based on actual data ending with the last month of the most recent calendar year (reported as Quarter 2 on the claimants' TDA Claim Form C [[Appendix E VI](#)]) or more recent data should it become available. SANDAG will annually evaluate performance in terms of progress made toward achieving the multiyear goals. These categories and performance measures are as follows:

1. Operating Cost Per Passenger: Improve service efficiency measure for the last 12 quarters of available data.
2. Operating Cost Per Vehicle Service Hour: Improve service efficiency measure for the last 12 quarters of available data.
3. Passengers Per Vehicle Service Hour: Improve passenger productivity measure for the last 12 quarters of available data.

4. Passengers Per Vehicle Service Mile: Improve passenger productivity measure for the last 12 quarters of available data.
5. Vehicle Service Hours Per Employee: Improve labor productivity measure for the last 12 quarters of available data.
6. Farebox Recovery: Exceed the minimum TDA targets for farebox recovery ratio listed in their final TDA claim for the last four quarters of available data.

Performance Audit Recommendations

Each claimant will work toward the implementation of the latest performance audit recommendations. As part of each operator's TDA claim, a summary shall be provided on the following items on Form B ([Appendix E VI](#)):

1. A discussion of the work undertaken to implement each recommendation during the current fiscal year.
2. A short discussion of any problems encountered in implementing individual recommendations and the success or failure of implemented recommendations in improving transit productivity.

Efforts to Improve Productivity

In addition to implementing the performance audit recommendations through discussions with SANDAG, each claimant shall indicate specific areas where special efforts will be made to help cover costs and/or increase ridership. These efforts will be summarized by SANDAG for fixed-route, demand-response, and rail operations and be included as part of the TDA/STA claims for the next fiscal year.

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**CHAPTER 8
STATE TRANSIT ASSISTANCE
FUND GUIDELINES**

STATE TRANSIT ASSISTANCE FUND GUIDELINES

INTRODUCTION

The STA program was created by SB 620 (Chapter 161) in 1979 and revised by Assembly Bill 2551 (Chapter 322) in 1982, by both Senate Bill 300 (Chapter 105) and Senate Bill 1391 (Chapter 1232) in 1989, by the passage of Proposition 116 in 1990, and by Assembly Bill 37 (Chapter 13), Senate Bill 3 (Chapter 35), Senate Bill 152 (Chapter 767), Senate Bill 791 (Chapter 995) 1991, Senate Bill 160 (Chapter 501) 1991, Senate Bill 1474 (Chapter 256) 1996 and Senate Bill 45 (Chapter 662) in 1997, Senate Bill 508 (Chapter 716) in 2015 and Assembly Bill 1113 (Chapter 86) in 2017. The fund provides a second source of TDA funding for transportation planning and mass transportation purposes as specified by the Legislature.

Proposition 116 designated the Transportation Planning and Development (TP&D) Account. Pursuant to Senate Bill 45, the TP&D Account has become the Public Transportation Account (PTA) which has been designated as a trust account. ABX8 6 and ABX8 9 created a fuel tax swap which reduced excise tax and increased sales tax on diesel fuel while Assembly Bill 105 redirected 50 percent of the base sales tax on diesel, and 100 percent of the increase from the PTA to the STA program to fund local transit operations and capital.

In addition, with the passage of SB 1 additional revenues are to be allocated to the STA program along with the introduction of the STA SGR fund account. The information provided below refers to both STA and the SGR programs.

STA POPULATION FORMULA ALLOCATION

The STA funds and SGR funds under the population formula allocation (99313) are allocated to each regional entity based on the ratio of the population of the area under its jurisdiction to the total population of the state. For the SANDAG area, the allocation is based on the population within that portion of the SANDAG area jurisdiction which is outside the MTS area (99312.5). SANDAG is required to provide these population figures to the Department of Transportation on or before June 1 of each year.

STA funds allocated to the SANDAG area are available for allocation by SANDAG to eligible operators within the SANDAG area of jurisdiction while funds allocated to the MTS area are available for allocation by MTS to eligible operators within the MTS area. SANDAG and MTS are required (99313.6) to deposit the funds allocated to their respective areas into a STAF. Section 99312.7 requires the State Controller to issue estimates of funds to be allocated to each regional entity by January 31 of each year.

STA OPERATOR REVENUE FORMULA ALLOCATION

Under the operator revenue formula allocation (99314), the STA and SGR funds are allocated to each regional entity according to the ratio of the total revenue of all operators in the area under its jurisdiction during the prior fiscal year to the total revenue of all operators in the state during the prior fiscal year.

For the purpose of these allocations, the term “revenues” has been defined as fare revenues and any other funds used by the operator for transit operations, with the exception of federal and state funds which may only be used for transportation purposes (see CCR 6722). The revenue amounts are to be determined from the most recent annual report developed by the State Controller. The State Controller’s estimates of STA allocations are subject to change based on more current data and on legislative actions affecting the state budget and the STAFs. The most current estimates provided by the State Controller are used by SANDAG and MTS in allocating STA operator revenue formula funds.

Funding Priorities

In the allocation of STA monies to eligible operators, it is the intent of the legislature that SANDAG give priority consideration to claims for the following purposes (99314.5(c)):

1. To offset reductions in federal operating assistance
2. To offset unanticipated increases in the cost of fuel
3. To enhance existing public transportation services
4. To meet high-priority regional, countywide, or areawide public transportation needs

In addition, it is the intent of SANDAG to give high-priority to claims for energy-efficient transit services.

State of Good Repair funds are made available for capital projects that maintain the public transit system in a state of good repair. PUC Section 99212.1 (c) lists the projects eligible for State of Good Repair funding, which are:

1. Transit capital projects or services to maintain or repair a transit operator’s existing transit vehicle fleet or transit facilities, including the rehabilitation and/or modernization of the existing vehicles or facilities.
2. The design, acquisition, and construction of new vehicles or facilities that improve existing transit services.
3. Transit services that complement local efforts for repair and improvement of local transportation infrastructure.

Required Findings

Each regional entity is required to make all of the findings listed below before it can allocate funds to a claimant (CCR 6754). It is the responsibility of the claimant to provide the regional entity with sufficient information upon which to make these findings. In order to allocate STA monies, SANDAG or MTS must find that:

1. The claimant’s proposed expenditures are in conformance with the RTP.
2. The level of fare revenues proposed is sufficient to enable the operator or transit service claimant to meet the fare revenue requirements of 99268.2, 99268.3, 99268.4, 99268.5, and 99268.9, as they may be applicable to the claimant (see [Chapter 4 – Claim Restrictions #1](#)).
3. The claimant is making full use of federal funds available under the Federal Transit Act, as amended.
4. The sum of the claimant’s allocations from the STAF and from the LTFs does not exceed the amount the claimant is eligible to receive during the fiscal year (see CCR 6634). Such findings, however, shall not relieve the claimant of its responsibility pursuant to CCR 6735.

5. Priority consideration has been given to claims to offset reductions in federal operating assistance and unanticipated increases in the cost of fuel, to enhance existing public transportation services, and to meet high-priority regional, countywide, or areawide public transportation needs.
6. The operator has made a reasonable effort to implement the productivity improvements recommended pursuant to 99244. This finding shall make specific reference to the improvements recommended and to the efforts made by the operator to implement them.
7. The operator has been certified within the last 13 months by the California Highway Patrol to be in compliance with Section 1808.1 of the Vehicle Code.
8. The operator is in compliance with the eligibility requirements of 99314.6, as amended.
9. A list of all projects proposed to be funded with SGR apportionment made available to the region per PUC 99312.1(d)(1).

Funding Eligibility and Qualifying Criteria

In the San Diego region, claims for STA population formula funds may be filed by eligible Article 4 operators for public transportation purposes and by eligible Article 4.5 claimants for community transit services (99314.5 (a) and (e)). Article 4 operators also may claim revenue formula funds, which may be used to support both service to the general public and service supported under Article 4.5. In addition to meeting the required findings discussed previously, STA claimants are required to meet additional qualifying criteria (99314.6), as revised by SB 508 (Chapter 716, 2016). These requirements state that neither population nor operator revenue formula funds shall be allocated to an operator claiming STAFs for operating purposes unless the claimant meets either of the two following efficiency standards. MTS is a direct recipient of these funds and SANDAG is not required to make findings, although SANDAG is required to verify that MTS has met the requirements.

- The operator's total operating cost per revenue vehicle hour in the most recent audited year does not exceed the sum of the preceding year's total operating cost per revenue vehicle hour and an amount equal to the product of the percentage change in the Consumer Price Index (CPI) for the same period multiplied by the preceding year's total operating cost per revenue vehicle hour.
- The operator's three-year average of the total operation cost per revenue vehicle hour for the last three audited years does not exceed the average of the three years preceding the most recent audited year by more than the average percentage change in the CPI for the three-year period.

SANDAG may adjust the calculation of these standards to exclude startup costs for new services (as in 99268.8) for a period of not more than two years and/or cost increases beyond the change in the CPI for fuel, alternative fuel programs, insurance, or state and federal mandates. An operator that fails to meet the qualifying criteria shall receive its entire allocation reduced by the percentage by which the operator exceeded the target amount needed to meet the efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes.

Assembly Bill 813 allows operators to exclude additional items in calculating operating cost (99314.6). Any claimant interested in excluding one or more of the cost categories discussed above should provide SANDAG with sufficient documentation to allow the adjustment in the calculations to be made. Additional requirements for SANDAG are discussed below.

The STA Program was originally intended to implement a portion of the state energy program. For this reason, energy efficiency is considered by SANDAG to be the primary basis for funding from the SANDAG STA population formula fund. The amount of funds that each operator will be eligible to claim from the SANDAG STA population formula fund on an annual basis will be determined according to the relative energy efficiency of each operator. The allocation of STA monies will be based on transit services which result in passenger-miles per gallon figure greater than the average automobile (currently estimated at 25 passenger-miles per gallon). The amount of STA funding that each eligible operator may claim will be determined by its relative energy efficiency, measured by the difference in passenger-miles per gallon between its transit services and the average automobile, weighted by the passengers carried on such energy efficient services. Transit services which are less energy efficient than the average automobile, will be excluded from consideration for STA funding. Such a methodology provides an incentive to eligible operators in that by utilizing funds to increase energy efficient services, an operator can increase its share of STA monies from one-year to the next. In addition to the energy efficiency emphasis, population formula STA claims will be evaluated according to the required findings listed above, including legislative eligibility requirements. Individual operators may claim STAFs from the operator revenue formula, subject to the same eligibility requirements without regard to relative energy efficiency.

The operator revenue formula funds will be allocated to individual operators in proportion to the ratio of the operator's fare revenue and other local funds to the sum of such revenues for all operators in the area. Claims for both operator revenue formula funds and population formula funds shall be developed through the Budget Process and follow the same timetable as, and can be incorporated as part of, the operator's annual TDA claim.

Claim Content for SANDAG STA Claims

Claims for STA allocation are to be submitted along with the TDA claims to SANDAG by April 30 for consideration of allocations for the ensuing fiscal year. By submitting the claims together, the operator can utilize the required forms for both claims.

Each STA claim should include the following:

1. The annual STA claim form
2. Sufficient information to permit SANDAG to make the findings

Timetable

The following timetable lists the key dates in the cycle of preparing STA claims, allocating funds, and submitting required reports.

January 31	State Controller provides each regional entity with a preliminary estimate of the amount of STA monies to be allocated to it during the fiscal year (CCR 6720).
April 30	Claimants file STA (along with TDA) claims with SANDAG (CCR 6732).
June 1	SANDAG submits population estimates for operator service areas to Caltrans.
June	SANDAG Board of Directors approves operator claims including the STA.
June 30	SANDAG conveys allocation resolution to the County Auditor (CCR 6752).

August 1	State Controller provides each regional entity with a revised estimate of STA monies to be allocated to it during the fiscal year (CCR 6720).
September 1	Submit Project listing for SGR projects using template in Appendix 3 to CalSmart System with signed resolution from SANDAG Board of Directors
September 30	Each claimant submits the annual report of its operations to SANDAG and the State Controller (99243).
December 27	Each regional entity submits a fiscal audit report of its STAFs for the fiscal year ending June 30 (CCR 6751).
Quarterly	State Controller allocates STA monies to the regional entities (CCR 6720).

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APPENDICES

APPENDIX A DEFINITIONS

Most definitions for the TDA can be found in the statutes and the state's administrative codes. The following selected definitions are provided for information only.

1. Community Transit Service - Community transit refers to transportation services which link intra-community origins and destinations, including services for those, such as the disabled, who cannot use conventional transit services.
2. Transit Service Claimant - The term "transit service claimant" means:
 - a. A claimant that files a claim for community transit services pursuant to Article 4.5 of the Act.
 - b. A claimant that files a claim for contract payments pursuant to Section 99400(c).
 - c. A city or county that is a member of SANDAG that files a claim to provide or contract for separate service to disabled persons pursuant to Section 99260.7.
 - d. A county, city, or county transportation commission that files a claim for rail passenger service operation and capital improvement expenditures.
 - e. A city that files a claim for the provision of commuter ferry service pursuant to Section 99400.7.
3. A transit service claimant that also is an operator shall meet all requirements of the Act and these regulations for its service provided as a transit service claimant and for its other service as if the services were provided by separate claimants.
4. Uniform System of Accounts - The term "uniform system of accounts" refers to the required format for a transit system claimant's proposed budget, which shall be in conformance with the accounting requirements adopted by the State Controller in accordance with Section 99243 (see [Appendix D](#)).
5. Public Transportation Operator – For STA purposes, the term "Public transportation operator" has the same meaning as "operator," as defined in Section 99210, as long as that operator operates a "public transportation system," as defined in Section 99211.
6. Operating Cost - The term "operating cost" has the same meaning as assigned to it in Section 99247(a). In the case of a transit service claimant that is allocated funds for payment to an entity which is under contract with it to provide transportation services, "operating cost" also includes the amount of the fare revenues that are received by the entity providing the services and not transferred to the claimant. Section 99268.16 excludes the cost of providing ridesharing services from the definition of operating costs.
7. Section 99268.17 states the following costs shall be excluded from the definition of "operating cost" for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article:

- (1) the additional operating costs required to provide comparable complementary paratransit services that exceed the operator's costs required to provide comparable complementary paratransit service in the prior year as adjusted by the Consumer Price Index (CPI).
- (2) Cost increases beyond the change in the CPI for all the following:
 - a. Fuel
 - b. Alternative fuel programs
 - c. Power, including electricity
 - d. Insurance premiums and payments in settlement of claims arising out of the operator's liability
 - e. State and federal mandates
 - f. Startup costs for new services for a period of not more than two years
 - g. The exclusion of costs from the definition of operating costs in subdivision (a) applies solely for the purpose of this article and does not authorize an operator to report an operating cost other than as defined in subdivision (a) of Section 99247 or a ratio of fare revenue to operating cost other than as that ratio is described elsewhere in this article, to any of the following entities:
 - i. The Controller pursuant to Section 99243
 - ii. The entity conducting the fiscal audit pursuant to Section 99245
 - iii. The entity conducting the performance audit pursuant to Section 99246.
8. Fare Revenues - The term "fare revenues" means all revenues in the following revenue account classes of the uniform system of accounts and records adopted by the State Controller pursuant to Section 99243:
 9. 401.000 Passenger Fares for Transit Service
 10. 402.000 Special Transit Fares
 11. 403.000 School Bus Service Revenues
12. In the case of a claimant that is allocated funds for payment to an entity which is under contract with it to provide transportation services, "fare revenues" includes the amount of fare revenues that is received by the entity providing the services and not transferred to the claimant.
13. "Fare revenues" includes revenues earned under contractual arrangements with public or private entities, (1) for transit fares for a specified group of employees, members, or clients, (2) to guarantee minimum revenue on a line operated especially for the benefit of the paying entity (e.g., an employer, shopping center, university, etc.). "Fare revenues" also may include revenues from cash donations made by individual passengers in lieu of a prescribed fare. However, "fare revenues" does not include other donations or general operating assistance, whether from public or private sources.
14. Local Support - The term "local support" means all revenues in the following revenue account classes of the uniform system of accounts and records adopted by the State Controller pursuant to Section 99243:
 15. 406.000 Auxiliary Transportation Revenues
 16. 408.000 Taxes Levied Directly by Transit System

17. 409.010 Local Cash Grants and Reimbursements -- General Operating Assistance
18. 410.000 Local Special Fare Assistance
19. 440.000 Subsidy from Other Sectors of Operation
20. "Local support" includes tax revenues imposed by a local transportation authority as reported under Account Class 408.020.
21. Capital Requirements - The term "capital requirements" means, for a fiscal year, the amount of all funds expended during the fiscal year by an operator for its public transportation system for those purposes specified in Section 99262, exclusive of all costs in the operating expense accounts of the uniform system of accounts and records adopted by the State Controller pursuant to Section 99243.
22. Debt Service Requirements - The term "debt service requirements" means, for a fiscal year, the amount of all funds expended during the fiscal year for payment of the principal and interest on bonds of an operator for its public transportation system in accordance with Section 99263, exclusive of any such amount included in the operator's operating cost.
23. Independent Auditor - The term "independent auditor" means the State Controller or a certified public accountant or public accountant who is not an officer or employee of the claimant. The County Auditor is not an "independent auditor" with reference to the county or to an operator for which the County Auditor serves as a financial officer.
24. Urbanized Area - For the purpose of Section 99268.3, urbanized area, as in "operator which is serving an urbanized area," refers to the urbanized area boundaries as reported in the latest federal census.
25. Extension of Public Transportation Service - The term "extension of public transportation services" as that term is used in Section 99268.8 applies collectively to any services that are eligible for funding under the TDA, including services provided by a new operator or transit service claimant, and means:
 - a. Service established on a fixed-route, including route deviation service, if over 50 percent of the route mileage, excluding mileage along freeway or express bus routes where passengers are neither received nor discharged, is on streets or other rights-of-way that did not have such service provided and funded under the Act at any time during the three-year period before the service was established.
 - b. Service established on a new portion of an older fixed-route if the new portion is on streets or other rights-of-way that did not have such service provided and funded under the Act at any time during the three-year period before the service was established.
 - c. Demand-response service established to, from, or within an area that did not have such service provided and funded under the Act at any time during the three-year period before the service was established.
 - d. Improvement in service frequency or hours of service on a fixed-route or a demand-responsive service, if the number of scheduled vehicle service miles or vehicle service hours exceeds, by more than 25 percent, the scheduled number of vehicle service miles or vehicle service hours on the route or service at any time during the three-year period before the service improvement was established.
 - e. Service established on a fixed-route or a demand-response service on a new day of the week (e.g., Saturday, Sunday), if the service was not provided on that day of the week and funded under the Act at any time during the three-year period before the service was established.

- f. For a transit service claimant, service established that is of a type, such as van, taxicab, or bus that was not provided and funded under the Act at any time during the three-year period before the service was established.
26. State Transit Assistance Fund - The term "state transit assistance fund" means the fund created by a transportation planning agency, a county transportation commission, or the San Diego Metropolitan Transit System pursuant to Section 99313.6.
27. STA Eligible Operator – The term "STA-eligible operator" means a public transportation operator eligible to claim local transportation funds under either Article 4 (commencing with Section 99260) or Article 8 (commencing with Section 99400), or under both articles.
28. Regional Entity - "Regional entity" means each transportation planning agency designated by the secretary pursuant to Section 29532 of the Government Code, each county transportation commission created by Division 12 (commencing with Section 130000), and the San Diego Metropolitan Transit System.
29. Area of Regional Entity - The "area" of a regional entity means:
- a. For a county transportation commission, all of the area within the county in which the commission is created, pursuant to Section 130050.
 - b. For the San Diego Metropolitan Transit System, the area within the jurisdiction of the Board, as that area is defined by Sections 120052 and 120054.
 - c. For a transportation planning agency, the area for which it is the designated agency pursuant to Government Code Section 29532, but excluding those areas also under the jurisdiction of the county transportation commissions or the San Diego Metropolitan Transit System.
30. State Transit Assistance Program - "State Transit Assistance Program" means the provisions of the Act related directly to the State Transit Assistance Fund, including Section 99312 to 99314.6, inclusive.
31. Allocation - "Allocation," with respect to the State Transit Assistance Program, means:
- a. An action by the secretary setting apart monies in the Account for a regional entity for the purposes of Sections 99313 and 99314.
 - b. An action by a regional entity setting apart monies in its State Transit Assistance Fund for a claimant for the purposes authorized in the Act and taking effect by resolution, pursuant to CCR 6753.
32. Ridesharing Services - For the purposes of 99268.16, the term "ridesharing services" means a comprehensive organizational effort which is designed to reduce the number of vehicles on the highways during peak travel periods within a defined area by encouraging the planning and marketing of high-occupancy vehicle facilities, increases in the number of passengers per vehicle in vehicles used for ridesharing, alternative work schedules, and other transportation demand management strategies among employers and commuters.

APPENDIX B

FISCAL AUDIT REQUIREMENTS

Section 99245 requires that each claimant receiving TDA funds must forward an annual fiscal and compliance audit conducted by an independent auditor to the Regional Transportation Planning Agency (RTPA) within 180 days of fiscal year end, unless granted a 90-day extension by the RTPA. This audit requirement has been made more specific in relation to the minimum tasks to be undertaken to determine compliance. The more specific audit requirements are detailed in CCR 6664, 6666, and 6667. Excerpts from these sections are included below for information.

“The audit shall be conducted in accordance with generally accepted auditing standards of the claimant’s financial statements for the fiscal year which shall be prepared in accordance with generally accepted accounting principles. The audit also shall be directed toward obtaining knowledge of the claimant’s compliance or noncompliance with the Act, and the auditor shall perform the tasks specified in (CCR) Section 6666 or 6667, whichever is appropriate.

The audit shall include, with the financial statements for the fiscal year that is the subject of the audit, the corresponding amounts from the claimant’s audited financial statements for the fiscal year prior to the year that is the subject of the audit.

The audit report shall include a certification of compliance with the Act. The certification shall take the form of a statement that the funds allocated to and received by the claimant pursuant to the Act were, with any exceptions specifically noted, expended in conformance with the applicable statutes, rules, and regulations of the Act and the allocation instructions and resolution of the transportation planning agency and, where applicable, the county transportation commission or MTS. An unqualified negative statement (e.g., ‘no violation of the law was brought to our attention’) shall not be accepted. The certification may take the form of negative assurance, however, if it makes reference to the performance by the independent auditor of each of the tasks specified in (CCR) Section 6666 or 6667.”

The minimum required tasks in conducting the compliance portion of a non-transit claimant audit are as follows:

- “(a) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualifying purposes, including Public Utilities Code Section 99402 for streets and roads claimants and Section 99233.3 for claimants under the section for pedestrian and bicycle facilities.
- (b) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions.

- (c) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code Section 99301.”

The minimum required tasks in conducting the compliance portion of a transit claimant audit are as follows:

- “(a) Determine whether the claimant was an entity eligible to receive the funds allocated to it. This determination should be made with reference to the section of the Act under which the funds were allocated and to the definitions in Article 1 of the Act.
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller pursuant to Public Utilities Code Section 99243.
- (c) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4, Section 99275, 99275.5, and 99277 for Article 4.5 claimants, and Section 99400(c), 99400(d), and 99400(e) for Article 8 claimants for service provided under contract.
- (d) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions. **Per section 75230(v), an audit of Low Carbon Transit Operations Program (LCTOP) funding will be expanded to include verification of receipt and appropriate expenditure of moneys from the program.**
- (e) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code Section 99234.1, 99301, 99301.5, and 99301.6.
- (f) Verify the amount of the claimant’s operation cost (as defined by Section 6611.1) for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in Section 6633.2.
- (g) Verify the amount of the claimant’s actual fare revenues (as defined by Section 6611.2 and by Public Utilities Code Section 99205.7) for the fiscal year.
- (h) Verify the amount of the claimant’s actual local support (as defined by Section 6611.3) for the fiscal year.
- (i) Verify the maximum amount the claimant was eligible to receive under the Act during the fiscal year in accordance with Section 6634 and 6649.
- (j) Verify, if applicable, the amount of the operator’s expenditures limitation in accordance with Section 6633.1.
- (k) In the case of an operator, determine whether the operator’s employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273.

- (l) In the case of an operator, determine whether the operator has had a certification by the Department of California Highway Patrol that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251.
- (m) In the case of an operator, verify, if applicable, its STA eligibility pursuant to Public Utilities Code Section 99314.6.
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5."

In addition to the required audits of all claimants, CCR 6661 and 6751 require the County Auditor to submit an annual fiscal audit of the LTF; and SANDAG and MTS to submit an annual fiscal audit of the STAFs and Unified Transportation funds to the State Controller within 180 days after the end of the fiscal year. If all agencies so agree, these audit reports may be conducted by the same auditor and be submitted together in the same audit report. The requirements related to the content of these audits are detailed in CCR 6661 and 6751.

APPENDIX C

PERFORMANCE AUDITS

SANDAG has published Transit Operator's Performance Guide to assist the operators in complying with Section 99246 and CCR 6664.5. The guide is written for use by the performance auditors in evaluating the efficiency and effectiveness of local public transportation systems. This appendix discusses some of the implementation considerations which affect the RTPA and the operator.

Criteria for Performance Audits

Section 99246 requires that a performance audit of each operator that has operated its public transportation for one-year or longer be submitted triennially, pursuant to a schedule established by the transportation planning agency, transit development board, or county transportation commission having jurisdiction over the operator. In addition, CCR 6664.5 requires that no operator shall be eligible for an allocation under Article 4 until the required performance audit report has been transmitted to SANDAG and MTS (where applicable). Section 99246 provides the following guidance regarding performance auditing.

1. The performance audit shall evaluate the efficiency, effectiveness, and economy of the operation of the entity being audited.
2. The performance audit shall be conducted in accordance with the efficiency, economy, and program results portions of the Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."
3. The performance audit shall include, but not be limited to, a verification of the operator's:
 - operating cost per passenger
 - operating cost per vehicle service hour
 - passengers per vehicle service hour
 - passengers per vehicle service mile
 - vehicle service hours per employee
4. The performance audit shall include, but not be limited to:
 - the consideration of the needs and types of the passengers being served
 - the employment of part-time drivers
 - the contracting with common carriers or persons operating under a franchise or license to provide services during peak hours (Section 99260.2(a)).
5. The performance audit may include performance evaluations both for the entire system and for the system excluding special, new, or expanded services instituted to test public transportation service growth potential.
6. The transportation planning agency, county transportation commission, or transit development board, as the case may be, shall certify in writing to the director of transportation that the performance audit of operators located in the area under its jurisdiction has been completed.

The Transit Operator's Performance Audit Guide expands upon these criteria and includes detailed audit programs for a number of functional areas covering the total range of transit management and operating activities.

Reporting Results

After completion of the audit field work, the auditors will submit a report to the SANDAG Board. The report should be prepared in accordance with the guidelines included in Chapter IV of the Performance Audit Guide. The findings and recommendations of the report should propose specific actions for implementation for improved efficiency and effectiveness. In subsequent annual TDA claims, the operator is required to comment on efforts made each year to implement performance audit recommendations.

RTPA Review and Action

The RTPA staff will analyze the various audit reports to determine:

1. If there is a pattern among the findings and recommendations for different operators
2. If there are incidents of inefficiencies or ineffectiveness
3. If there are areas of noncompliance with state laws or adopted RTPs

APPENDIX D

STATE CONTROLLER DIVISION OF LOCAL GOVERNMENT FISCAL AFFAIRS TRANSIT OPERATORS

The system of accounting herein described shall be used by all public agencies engaged in the operation of a public transit system in the State of California, hereinafter referred to as operator. This includes a California City, a California County, a California Special District, and a public entity, agency, board, etc., as defined in Government Code Section 12463.1.

The system is prescribed to comply with Government Code Section 53891 and Public Utilities Code Section 99243. Following is the text of Public Utilities Code Section 99243:

- “(a) The State Controller, in cooperation with the department and the operators, shall design and adopt a uniform system of accounts and records, from which the operators shall prepare and submit annual reports of their operation to the transportation planning agencies having jurisdiction over them and to the State Controller within 120 days of the end of the fiscal year. Annual reports submitted for the 1979-1980 and subsequent fiscal years shall be audited reports. The report shall specify (1) the amount of revenue generated from each source and its application for the prior fiscal year, and (2) the data necessary to determine which section, with respect to Sections 99268.1, 99268.2, 99268.3, 99268.4, 99268.5, and 99268.9, the operator is required to be in compliance with in order to be eligible for funds under this article.
- (b) As a nonaudited supplement to the annual audited report prepared pursuant to subdivision, each operator shall include an estimate of the amount of revenues to be generated from each source and its proposed application for the next fiscal year.
- (c) The State Controller shall instruct the County Auditor to withhold payments from the fund to any operator which has not submitted its annual report to the State Controller within the time specified by subdivision (a).
- (d) In establishing the uniform system of accounts and records, the State Controller shall include the data required by the United States Department of Transportation, the department, and the Business and Transportation Agency.
- (e) The uniform system of accounts and records shall be implemented no later than July 1, 1978.”

Amended by Chapters 161 and 1002, Statutes of 1979 (SB 620 and AB 86).

APPENDIX E

SANDAG REGIONAL REPORTING SYSTEM

- I. Introduction
- II. TDA Claim Checklist for Articles 4, 4.5, and 8
- III. TDA/STA/SGR Claim Forms
- IV. Bicycle Pedestrian Application Process
- V. Financial Reporting Forms
- VI. Performance/Operating Reporting Forms
- VII. Base Statistics - Definition of Terms

I. INTRODUCTION

General

The purpose of the SANDAG Regional Reporting System is to provide a basic set of financial and operational data for use by the San Diego Association of Governments (SANDAG) in the monitoring, planning, and coordination of transit operations in the San Diego region. SANDAG is responsible for the approval of claims for TDA funds from transit operators within the San Diego region, and the subsequent allocation of these funds among the claimants.

To effectively execute these responsibilities, SANDAG requires the financial and operational data to be submitted in this set of reporting forms. In addition, much of the financial and operational data to be submitted also may be useful to transit management in monitoring and planning both transit operations and capital projects.

To facilitate the reporting of certain financial data, the operating revenue and expense items on the related financial forms under the SANDAG reporting system are consistent with the revenue and expense accounts included and defined under the State Controller's Uniform System of Accounts for Public Transit Operators. This system provides the basis for the reporting of operating revenues and expenses for the annual report to the State Controller. Therefore, much of the prior year information reported in the annual State Controller report can simply be transferred to the related forms under the SANDAG reporting system. Also, the definitions of the revenue and expense items to be reported can be derived from the State Controller's Uniform System of Accounts for Public Transit Operators.

Forms and Procedures

The SANDAG reporting system consists of both financial, performance, and operational reporting elements. These forms are submitted on an annual basis as part of the TDA Claim submittal to SANDAG.

1. Financial Reporting: consists of the following:
 - Revenue and expenditures for operations and capital projects for the prior, current, and ensuing fiscal years
 - The status of capital projects as to funds received and spent, by source
 - An analysis of significant budget increases proposed for the ensuing fiscal year
2. The purposes of the financial information are:
 - To enable SANDAG to analyze the sources and applications of funds for operations and capital projects for the prior, current, and ensuing fiscal year
 - To meet statutory reporting requirements in the filing of TDA claims
 - To provide information with which to monitor the efforts made by each operator to implement the productivity improvement recommendations and performance audit report
 - To enable SANDAG (and the operator) to monitor the progress or status of each capital project proposed or undertaken to date

3. Operational Reporting: The operational reporting forms include a set of base statistics to be used in calculating certain performance indicators. The purposes of the operational data required on the operational reporting forms are:
 - To provide SANDAG with a set of base statistics and performance indicators with which to monitor transit operator performance and assess the productivity of the transit operations
 - To provide transit management with statistical indicators of service efficiency and effectiveness and operational performance for use in monitoring and assessing transit operations
4. Many of the performance indicators to be developed from the base statistics required from each operator were also identified and calculated in the performance audit of each operator to assess the efficiency and effectiveness of the transit services provided. Other indicators have been added as required to provide a broader perspective of transit system performance by each operator and improve comparability among transit operators.
5. The differences between fixed-route and demand-responsive transit systems as to the nature and scope of operations have been clearly recognized. Appropriately, a separate set of required base statistics has been developed for the fixed-route and demand-responsive transit systems and are reflected in the separate forms to be submitted by the fixed-route and demand-responsive systems. Within the two forms, reporting requirements may differ slightly among individual operators. Such differences result from the differences in the nature and scope of operations among the individual transit operators.
6. The base statistics are to be reported on a quarterly basis. The deadline for the submission of the operational reporting forms to SANDAG is 45 days after the end of each quarter. A list of the operational reporting forms, along with the due dates for submission, is provided immediately preceding the sample operational reporting form.
7. SANDAG will maintain a file of historical data for use in performance audits and other trend analyses of various performance indicators and base statistics. SANDAG will make this data available to operators on a periodic basis or as requested.

II. TDA ARTICLES 4, 4.5, AND 8 CLAIM CHECKLIST

Please complete this checklist in the [TDA Claim Checklist](#) Excel file.

TDA CLAIMS CHECKLIST

Please indicate compliance with a check mark in the box provided

Required Claims	Article 4 & 8	Article 4.5
1. Financial/Performance Reporting Forms		
Appendix G: Required Statements (signed by CFO)		
Form A-10: Summary of Revenues & Expenditures		
Form A-20: Schedule of Revenue Provided for Operations		
Form A-21: Schedule of Actual & Projected Operating Expenses		
Form A-21S: Analysis of Proposed Budget Increases		
Form A-22: Schedule of Actual & Projected Capital Funds		
Form A-23: Schedule of Proposed Capital Expenditures		
Form C-10: Schedule of Article 8 Funding for Transit Center Projects		
Form C-20: Schedule of Estimated Transit Center Costs		
Form A: Performance Monitoring		
Form B: Efforts to Implement Performance Audit Recommendations		
Form C: Schedule of Base Statistics		
2. Copy of current year's CHP Pull Notice		
3. Actual and estimated revenue vehicle miles, passenger transfers and total passengers for the previous, current and ensuing fiscal years in total, by route, and by category of service such as regular, school, or charter. --for Article 4.5 claimants, by passenger categories such as ambulatory riders, wheelchair riders, pass riders, aides, etc.		
4. A description of service provided including hours and days of operation, additional eligibility requirements for any passengers not eligible under the ADA, and a schedule of current fares, zone fares, transfer charges and other special fares. A copy of service brochure typically meets this requirement.		
5. A description of service changes planned for the coming fiscal year that will have a material effect on the system's operating costs. If no such changes are planned, then a statement that reflects no material effect.		
6. A schedule of current passenger fares, zone fares, transfer charges and other special fares such as school and fares for the elderly and disabled.		
7. Statement of how services and transfers are being coordinated with other operators. --for Article 4.5 claimants, including accessible fixed-route services, and with social service agency transportation programs through the Coordinated Transportation Service Agency.		
8. A worksheet demonstrating compliance with the applicable fare revenue to operating cost ratio. --for Article 4.5 claimants, demonstrate compliance with the minimum 10% fare revenue to operating cost ratio.		
9. A certified copy of a resolution or minute order in which the governing body authorizes the claim and approves the basic purpose for which it is filed.		
10. A statement indicating whether or not charter bus service was provided in the current fiscal year, and if so, that the charter service was provided in conformance with the requirements of 99250. A sample statement is included in Appendix G.		
11. A statement certifying that all applicable services will be operated in conformance with Sections 99155 & 99155.5 (Appendix G).		
12. A worksheet specifically identifying the estimated amount of the claimant's maximum eligibility for users as defined in CAR 6634. A sample is included in Appendix F.		
13. A statement, signed by the claimant's Chief Financial Officer or a certified public accountant, certifying that the current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system pursuant to 99271, 99272 & 99273 (see Appendix G).		
14. Copies of executed contracts for services provided by the operator to a city or county outside boundaries, or for services provided to the operator by a contractor, if the system is operated by a contractor.		
15. The annual TDA claim form.		

III. ANNUAL TDA/STA/SGR CLAIM FORMS

Please complete the following two forms in the **TDA Claim Forms** Excel file.

ANNUAL TDA CLAIM FORM

FY _____

A. CLAIMANT: _____

B. TYPE OF CLAIM: (check one)

- () Article 3 - Bicycle and Pedestrian Facilities (99234)
() Article 4 - Support Public Transportation Systems (99260)
() Article 4.5 - Community Transportation Services (99275)
() Article 8 - Multimodal Transportation Terminals (99400.5)
() Article 8 - Express Bus Services/Vanpool Services (99400.6)
() Article 8 - Local Street and Road Projects (99400)
() Article 8 - Commuter Ferry Service (99400.7)

C. AMOUNT OF CLAIM

Operations _____

Capital _____

Planning _____

Other-ADA Paratransit _____

TOTAL: _____

\$0

D. CONDITIONS OF APPROVAL:

It is understood by this Claimant that payment of the claim is subject to approval by SANDAG and to such monies on hand and available for distribution, and to the provision that such monies and the interest earned on such monies subsequent to allocation will be used only for the purposes for which the claim is approved and in accordance with the terms of the allocation instructions.

E. AUTHORIZED REPRESENTATIVE/CONTACT

F. PAYMENT RECIPIENT

(Signature)

(Claimant)

(Print of type name)

(Mailing Address)

(Title)

(City and zip code)

(Name)

(Title)

(Date Signed)

SANDAG USE ONLY:

1. Claim number _____

2. Date Approved _____

3. Resolution No. _____

4. Amount Approved for Payment _____

5. Amount approved for Reserve _____

If Required:

6. Date Approved by MTS _____

7. MTS Resolution Number _____

STA CLAIM AMENDMENT FORM
FY _____

A. CLAIMANT: _____

B. AMOUNT OF CLAIM BY PURPOSE:

	Population Formula (99313)	Revenue Formula (99314)	Total
STA (Original) Claim			
Operating Cost	_____	_____	\$0
Capital Cost	_____	_____	\$0
Total:	\$0	\$0	\$0

If funds are being used for Operating purposes, please provide the following information:

	Previous FY	FY	FY	FY
System Operation Costs				
System Revenues				
System Vehicle Services Hrs				
System Operating Cost per Revenue Vehicle Hr				

The Claimant named above hereby certifies that this annual claim for STA funds in the amount of \$_____ conforms with the requirements of Article 8, PUC Section 99400, of the Transportation Development Act of 2013, and applicable rules and regulations.

D. CONDITIONS OF APPROVAL:

It is understood by this Claimant that payment of the claim is subject to approval by SANDAG and to such monies on hand and available for distribution, and to the provision that such monies and the interest earned on such monies subsequent to allocation will be used only for the purposes for which the claim is approved and in accordance with the terms of the allocation instructions.

E. AUTHORIZED REPRESENTATIVE/CONTACT

E. PAYMENT RECIPIENT

_____ (Signature)	_____ (Claimant)
_____ (Print of type name)	_____ (Mailing Address)
_____ (Title)	_____ (City and zip code)
	_____ (Name)
	_____ (Title)
	_____ (Date Signed)

SANDAG USE ONLY:

1. Claim number _____
2. Date Approved _____
3. Resolution No. _____
4. Amount Allocated _____

Regional Entity Information

Funding Fiscal Year 2019-20

Regional Entity :

*State of Good Repair Funding	
99313 Estimated Allocation for the Region	\$ -
99314 Estimated Allocation for the Region	\$ -
Total	\$ -

Contact Name:

Contact Phone Number:

Contact Email:

The 2019-20 Allocation Estimates can be found on the California State Controller's website:

https://www.sco.ca.gov/ard_payments_transit_2019.html

At the time of preparing this form the January 2019 allocation estimates were available. Note, we will update your allocation amounts once the SCO publishes the August allocation estimates.

*SGR allocation estimate letter dated January 31st:

https://www.sco.ca.gov/Files-ARD-Payments/Transit/statetransitassistanceestimate_sgr_1920_january19.pdf

**STA allocation estimate letter dated January 31st:

https://www.sco.ca.gov/Files-ARD-Payments/Transit/statetransitassistanceestimate_1920_january19.pdf

1. STA SGR Project Submittal Form and Link
2. Link to Caltrans website for Project Submittal excel file:
<https://dot.ca.gov/programs/rail-and-mass-transportation/state-transit-assistance-state-of-good-repair>

IV. FINANCIAL REPORTING FORMS

Please complete the following eight forms in the [TDA Claim Forms](#) Excel file.

<u>Form</u>	<u>Title</u>
A-10	Summary of Revenues and Expenditures for Operations and Capital Projects
A-20	Schedule of Revenues Provided for Operations
A-21	Schedule of Actual and Projected Operating Expenses
A-21S	Analysis of Proposed Budget Increases
A-22	Schedule of Actual and Projected Receipts of Capital Funds
A-23	Schedule of Proposed Capital Expenditures
C-10	Schedule of Article 8 Funding for Transit Center Projects
C-20	Schedule of Estimated Transit Center Costs

Form A-10

Summary of Revenues and Expenditures for Operations and Capital Projects

Please complete this form in the TDA Claim Forms Excel file, sheet [A-10](#).

Purpose

To present a summary of total revenues and total expenditures for both operations and capital projects for the prior, current, and ensuing fiscal years. The ending capital fund balance for the fiscal year is presented as a result of the actual and projected capital fund receipts and expenditures for these years. The detail of summary totals is presented in Forms A-20, A-21, A-21S, A-22, and A-23.

Special Instructions

1. The totals for the prior, current, and ensuing fiscal years and percent changes should equal the amounts shown on other forms. For instance, Total Revenue from Operations on Form A-10 should be the same as Total Revenue from Operations on Form A-20.
2. The ending capital fund balance for the prior fiscal year is derived as a result of the actual capital fund receipts and expenditures for that year. The ending capital fund balance for the prior fiscal year becomes the beginning capital fund balance for the current fiscal year. The projected ending capital fund balance for the current fiscal year becomes the proposed beginning capital fund balance for the next fiscal year.
3. The "Current to Next Year Percent Change" for the line items indicated is calculated using the following formula:

$$\frac{\text{Next Year Total} - \text{Current Year Total}}{\text{Current Year Total}} \times 100$$

**SUMMARY OF REVENUES AND EXPENDITURES
FOR OPERATIONS AND CAPITAL PROJECTS**

Operator: _____

Date Completed: _____

Line	OPERATING REVENUES AND EXPENDITURES	Prior Year Actual FY ____	Current Year Projected FY ____	Next Year Proposed FY ____	Current to Next Year % Change
1.	Total Revenue From Operations				
2.	Total Operating Support				
3.	Total Operating Revenue (add lines 1 & 2)	\$0	\$0	\$0	#DIV/0!
4.	Less: Total Operating Expenses Excluding Depreciation and Amortization				
5.	Net Operating Surplus (Deficit) (deduct line 4 from line 3)	\$0	\$0	\$0	
CAPITAL FUND BALANCE SUMMARY					
6.	Beginning Capital Fund Balance				
7.	Total Capital Funds Received (include capital reserve allocations)				
8.	Subtotal (add lines 6 & 7)	\$0	\$0	\$0	
9.	Less: Total Capital Expenditures				
10.	Ending Capital Fund Balance (deduct line 9 from 8)	\$0		\$0	

Form A-20

Schedule of Revenue Provided for Operations

Please complete this form in the TDA Claim Forms Excel file, sheet [A-20](#).

Purpose

To provide a detailed accounting of all revenues provided for transit operations for the prior (actual), current (projected), and next (proposed) fiscal years.

Special Instructions

1. The sources of funds for operations are to be listed in conformity with the State Controller's Uniform System of Accounts and Records. The object class numbers of the major revenue accounts are provided on the form. The Public Transit Operator "5000" Accounting System, published by the State Controller, provides definitions for these accounts.
2. Under the account headings for local, state, and federal cash grants and reimbursements, list each specific cash grant or reimbursement separately. Under "Local Cash Grants and Reimbursements," for example, TDA sales tax is preprinted as a separate source of local funds.
3. Under "Local Cash Grants and Reimbursements - Local Support," list any funds for operations which pertain to any of the following accounts, according to the account definitions of the Public Transit Operator "5000" Accounting System.
4. 406 Auxiliary Transportation Revenues
5. 408 Taxes Levied Directly by Transit System
6. 409.01 General Operating Assistance
7. 410 Local Special Fare Assistance
8. 440 Subsidy from Other Sectors of Operations
9. These accounts were classified as pertaining to support from local sources in the California Code of Regulations Section 6611.3 of Title 21.
10. Under "Other Funds Provided for Operations," list any other sources of funds for operations which do not pertain to either revenue from operations or governmental cash grants and reimbursements.
11. Both the sources of funds for operations and the specific amount of each source to be posted for the prior year should coincide with those previously posted to the "Income Statement - Operating Revenue" form, which was submitted to the State Controller for the prior fiscal year. Any adjustments made to any account totals for the previous year should be reflected on Form A-20, along with an attached sheet explaining the adjustment.
12. "Total Operating Support" is equal to the sum of the following subtotals:
13. Total Local Cash Grant and Reimbursements
14. Total State Cash Grants and Reimbursements
15. Total Federal Cash Grants and Reimbursements
16. Total Other Funds Provided for Operations

17. "Current to Next Year Percent Change" is the percentage change for the projected current year account totals to the proposed next year account totals. It is to be calculated as follows:

18.	Current	19.		20.	"Next Year Proposed Amount" minus
	to				
21.	Next	22.	=	23.	"Current Year Projected Amount" divided by
	Year				
24.	Percent	25.		26.	"Current Year Projected Amount" times 100
	Change				

27. "Total Funds Provided for Operations" is the sum of the following subtotals:

28. Total Revenue from Operations

29. Total Operating Support

SCHEDULE OF REVENUE PROVIDED FOR OPERATIONS

Operator: _____

Date Completed: _____

Line	Object Class No	SOURCES OF REVENUE PROVIDED FOR OPERATIONS	Prior Year Actual FY____	Current Year Projected FY____	Next Year Proposed FY____	Current to Next Year % Change
		REVENUE FROM OPERATIONS				
1.	401	Passenger Fare for Transit Service				
2.	402	Special Transit Fares				
3.	403	School Bus Revenues				
4.	404	Freight Tariffs				
5.	405	Charter Service Revenues				
6.	406	Auxiliary Transportation Revenues				
7.	407	Non-Transportation Revenues				
8.		Total Revenue from Operations	\$0	\$0	\$0	#DIV/0!
9.	409	LOCAL CASH GRANTS & REIMBURSEMENTS				
10.		TDA Sales Tax				
11.		TransNet Operating Support				
12.		Other Local Support (see instruction #3)				
13.		Total Local Cash & Reimbursements	\$0	\$0	\$0	#DIV/0!
14.	411	STATE CASH GRANTS & REIMBURSEMENTS				
15.		State Transit Assistance - Population Formula				
16.		State Transit Assistance - Revenue Formula				
17.		Total State Cash Grants & Reimbursements	\$0	\$0	\$0	#DIV/0!
18.	413	FEDERAL CASH GRANTS & REIMBURSEMENTS				
19.		Section 5307				
20.		Section 5309				
21.		Other (specify)				
22.		Total Federal Cash Grants & Reimbursements	\$0	\$0	\$0	#DIV/0!
23.		OTHER FUNDS PROVIDED FOR OPERATION				
24.		Total Other Funds Provided for Operation	\$0	\$0	\$0	
25.		Total Operating Support (add lines 13, 17, 22, 24)	\$0	\$0	\$0	#DIV/0!
26.		TOTAL FUNDS PROVIDED FOR OPERATIONS (add lines 25, 8)	\$0	\$0	\$0	#DIV/0!

Form A-21 Schedule of Actual and Projected Operating Expenses

Please complete this form in the TDA Claim Forms Excel file, sheet [A-21](#).

Purpose

To provide detailed operating expense data for the prior year (actual), current year (actual to December 31, projected to June 30), ensuing fiscal year (proposed), and anticipated current to next year change.

Special Instructions

1. The expenses are listed by expense object class, according to the State Controller's Uniform System of Accounts and Records.
2. The object class totals for the prior year should coincide with the object class totals posted on the "Income Statement - Operating Expenses" schedule, which was submitted to the State Controller for the prior fiscal year. Any adjustments made to any of the object class totals for the prior year should be reflected on Form A-21, with an explanation of the adjustments made on a separate sheet and attached to the form.
3. The amounts under "Current Year Projected" are to be derived using the best estimates available at the time the form is completed. These estimates should be based on actual totals July 1 to date and projections to June 30.
4. The proposed object class totals for the next year represent the proposed operating budget for the next fiscal year. This amount also should equal the totals posted on the "Income Statement - Operating Expenses" of the State Controller report for the following year.
5. "Current to Next Year Percent Change" is the percentage change from the current year's projected totals to the proposed totals for the next year. It is calculated for each line item as follows:

Current to		"Next Year Proposed Total" (-)
Next Year	=	"Current Year Total Projected" X 100
Percentage Change		"Current Year Total Projected"
6. "Total Operating Expenses Excluding Vehicle Lease Costs, Depreciation, and Amortization" is the total of expense object classes 501 through 512. This total reflects the total of all expenditures related to operating expenses.
7. Any prior year expense transfers posted to the State Controller's "Income Statement - Operating Expenses" schedule for the account "Expense Transfers" (Account No. 510) should not be shown as "expense transfers" but should be included in the account to which the amounts are being transferred.
8. Pursuant to 99247(a), the vehicle cost portion of a vehicle lease is excluded from the definition of operating cost as are depreciation and amortization. However, do record transit vehicle lease costs.
9. Pursuant to 99268.16, the costs of providing ridesharing services are excluded from operating costs. However, do record ridesharing services costs.
10. Pursuant to 99268.17, liability and casualty insurance premium and payments in settlement of claims arising out of the operator's liability are excluded from operating costs. However, do record such liability and casualty costs.

SCHEDULE OF ACTUAL AND PROJECTED OPERATING EXPENSES

Operator: _____

Date Completed: _____

Object Class No.		Prior Year Actual FY ____	Current Year Projected FY ____	Next Year Proposed FY ____	Current to Next Year % Change
501	Labor				
.02	Operator's Salaries & Wages				
.01	Other Salaries & Wages				
502	Fringe Benefits				
503	Services				
504	Materials & Supplies				
.01	Fuel & Lubricants				
.02	Tires & Tubes				
.03	Other Materials & Supplies				
505	Utilities				
506	Casualty & Liability Costs				
507	Taxes				
508	Purchased Transportation				
509	Miscellaneous Expense				
.01	Administrative Pass-Thru*				
511	Interest Expense				
512	Leases & Rentals (excluding transit vehicle lease costs)				
	Total Operating Expenses Excluding Vehicle Lease Costs, Depreciation & Amortization				
513	Depreciation				
.13	Amortization				
	Transit Vehicle Lease Costs				
	Ridesharing Services Costs				
	Liability & Casualty Premiums/Settlement Costs				
	Total Operating Expenses Excluding Ridesharing and Liability/Casualty Costs				

* This shall not exceed 5% of the service contract between the Operator and the local agency.

Form A-21S

Analysis of Proposed Budget Increases

Please complete this form in the TDA Claim Forms Excel file, sheet [A-21S](#).

Purpose

To identify all line items in the operating budget for the ensuing fiscal year which represent an increase of over 15 percent above the projected total for the current year. For each line item identified, a statement substantiating the reason or need for the increase is required. Refer to A-21 (Schedule of Actual and Projected Operating Expenses) for the list of line items in the operating budget, their respective totals for the current and ensuing fiscal years, and the percent change from the projected current year total to the estimated total for the ensuing fiscal year.

Special Instructions

All line items (except the Total Operating Expenses lines) in Form A-21 (Schedule of Actual and Projected Operating Expenses) for which the current to next year percent change exceeds 15 percent must be listed on Form A-21S, along with the line item number and proposed percent increase from Form A-21 and an explanation of the reason or need for the increase. In most cases, more than one line will be required for each line item, in order to provide an adequate explanation for the proposed increase.

Date Completed:_____

Page ____ of ____

140

Form A-22

Schedule of Actual and Projected Receipts of Capital Funds

Please complete this form in the TDA Claim Forms Excel file, sheet [A-22](#).

Purpose

To identify all sources and amounts of capital funds received for capital expenditures in the prior fiscal year and expected to be received in the current and ensuing fiscal years. The sources of capital funds are to be classified and grouped under federal, state, and local sources or included as a nongovernmental donation.

Special Instructions

1. Under the columns marked "Sources of Capital Funds," list the capital funds received in the prior year and amounts expected to be received in the current and ensuing fiscal years, by source. The most common sources are preprinted on the form. Write in any additional sources under the appropriate sub-headings.
2. For the prior fiscal year, the source of capital funds received and the related amounts should coincide with those reported to the State Controller on the "Capital Additions to Equity" schedule (Form 300-T) for the prior fiscal year.
3. "Nongovernmental Donations," is equal to the total amount of capital funds provided from nongovernmental sources (i.e., gifts, bequests, donations, etc.) to assist with capital asset acquisitions.
4. "Total Capital Funds Received," is the sum of the following:
 - Total Federal Sources
5. Total State Sources
6. Total Local Sources
7. Nongovernmental Donations

SCHEDULE OF ACTUAL AND PROJECTED RECEIPTS OF CAPITAL FUNDS

Operator: _____

Date Completed: _____

Line	SOURCES OF CAPITAL FUNDS	Prior Year Actual FY__	Current Year Projected FY__	Next Year Proposed FY__
	FEDERAL SOURCES OF CAPITAL FUNDS			
1.	FTA Section 5307 Grant			
2.	FTA Section 5309 Grant			
3.	Federal Aid Urban Grants			
4.	Other Federal Funds (specify)			
5.				
6.				
	Total Federal Sources of Capital Funds			
	STATE SOURCES OF CAPITAL FUNDS			
7.	STA Fund - Population Formula			
8.	STA Fund - Revenue Formula			
9.	Other State Funds (specify)			
10.				
11.				
	Total State Sources of Capital Funds			
	LOCAL SOURCES OF CAPITAL FUNDS			
12.	TDA - Local (include capital reserve allocations)			
13.	Other Local Funds (specify)			
	Total Local Sources of Capital Funds			
	TOTAL CAPITAL FUNDS RECEIVED			

Form A-23

Schedule of Proposed Capital Expenditures

Please complete this form in the TDA Claim Forms Excel file, sheet [A-23](#).

Purpose

To provide a list, by project, of all planned capital expenditures for the ensuing fiscal year and to identify projects and funding to be allocated as a capital reserve under CCR 6648. For each project listed, the estimated expenditure for the year and expected funding, by source, are to be provided. New proposed capital reserve funding should be listed by project with the TDA reserve funds listed as "New TDA" with the funding clearly identified as a capital reserve. In addition, capital expenditures are to be summarized for the prior (actual), current (projected), and ensuing (proposed) fiscal years.

Special Instructions

1. The total estimated expenditure of a capital project for the ensuing year should be equal to that portion of the total project cost which is expected to be incurred (and for which funds are expected to be provided) during the ensuing fiscal year.
2. Under "Sources of Funds for Capital Expenditures" post the amount of expected funding, by source. Expected funding will be either new (i.e., to be received in the ensuing fiscal year) or carryover funds (i.e., received prior to the ensuing fiscal year).
3. Under "Description," describe the source(s) of any carryover funds or amounts posted under "New Other." Include a description of each source and the amount of related funding (if more than one source). For carryover funds from FTA, include the FTA grant number and year of application.
4. More than one line may be used for each capital project listed, in order to provide an adequate description of either the project or "New-Other" or carryover funds. The form should be photocopied prior to being filled out if more than one page is expected to be needed.
5. Post the column totals on the line provided. If more than one page is used, the column totals should be posted on the last page only.

SCHEDULE OF PROPOSED CAPITAL EXPENDITURES

Operator: _____ Date Completed: _____ Fiscal Year Ending: _____ Page ____ of ____

PROJECT DESCRIPTION	Total Estimated Expenditures	Sources of Funds for Capital Expenditures					Description
		NEW FTA Sec.5309	NEW FTA Sec.5307	NEW TDA	NEW Other	Carryover Funds	
TOTALS							

Form C-10 and C-20 Transit Center Projects

Please complete these forms in the TDA Claim Forms Excel file, sheets [C-10](#) and [C-20](#).

Purpose

To provide the current funding status of all active TDA supported transit center projects from the prior fiscal year, including capital reserve allocations. Prior year allocations of capital funds will be adjusted based on the information provided, as well as on the fiscal audit of prior year expenditures.

Special Instructions

1. For C-10 provide all sources of funds for prior year allocations and current claim.
2. For C-20 provide the categories for which the funds will be used.

SCHEDULE OF ARTICLE 8 FUNDING FOR TRANSIT CENTER PROJECTS

Operator: _____

Date Completed: _____

Line	SOURCES OF FUNDS	Prior Approved Funding	Current Claim	Total
	LOCAL SOURCES			
1.	TDA			
2.	Other (Specify)			
3.				
4.				
5.	Total Local Sources			
	STATE SOURCES			
6.	State Transit Assistance - Revenue Formula			
7.	State Transit Assistance - Population Formula			
8.	Other (specify)			
9.				
10.	Total State Sources			
	FEDERAL SOURCES (specify)			
11.				
12.				
13.				
14.				
15.	Total Federal Sources			
	Non-governmental Donations			
16.	TOTAL SOURCES OF FUNDS			

SCHEDULE OF ESTIMATED TRANSIT CENTER COSTS

Operator: _____ Date Completed: _____

Line	USES OF FUNDS	Prior Approved Funding	Current Claim	Total
	SITE PREPARATION			
1.	Clearing and Grubbing			
2.	Excavation/Borrow			
3.	Utilities			
	SITE IMPROVEMENTS			
4.	Paving			
5.	Structures:			
6.	Shelters			
7.	Lighting/Electrical			
8.	Drainage			
9.	Landscaping			
10.	Mechanical			
11.	Curbs/Sidewalks			
12.	Signing/Striping			
13.	Fencing			
14.	Other:			
15.				
16.				
17.				
18.				
19.				
20.	SUBTOTAL			
21.	Contingency			
22.	SUBTOTAL			
23.	Engineering/Design			
24.	SUBTOTAL			
25.	Project Management			
26.	CONSTRUCTION SUBTOTAL			
27.	Right of Way			
28.	Project Development			
29.	PROJECT TOTAL			

V. PERFORMANCE/OPERATING REPORTING FORMS

<u>Form</u>	<u>Title</u>
A	Performance Monitoring Form – to be filed by SANDAG
B	Statement of Efforts Made to Implement Performance Audit Recommendations
C	Schedule of Base Statistics for Fixed-Route/Demand-Responsive Transit/Rail Systems – Quarterly report to be filed by transit operators based on below schedule. Annual report submitted by SANDAG.

Base Statistics Reporting Schedule

<u>Reporting Period</u>	<u>Due Date</u>
Quarter 1: July 1 - September 30	November 15
Quarter 2: October 1 - December 31	February 15
Quarter 3: January 1 - March 31	May 15
Quarter 4: April 1 - June 30	September 30

Form A

Performance Monitoring

To be done by SANDAG.

Purpose

To document the performance measure objects and progress on achieving the stated objectives and to document actions taken by the operator(s) in response to each recommendation(s). This form is filed by SANDAG.

Special Instructions

1. For each performance measure objective, SANDAG will indicate the level of success based on performance trends. If the results indicate declining performance, SANDAG will indicate recommendations to achieve the stated objectives.
2. Any additional information/comments should be included on a separate sheet attached to Form A.
3. For each performance measure listed in Form A, SANDAG will list the specific actions that have been taken to date by the operator, along with any planned efforts to be made in the future. If no action has yet been taken, SANDAG will list the reason(s) that no action has been taken, along with any planned efforts to be made in the future. For all future efforts, indicate the month when the planned efforts should be complete.

PERFORMANCE MONITORING

SANDAG Staff Member: _____

Date Completed: _____

Transit Objectives

Objective	MTS Performance Results	NCTD Performance Results	MTS Improvement Recommendations	NCTD Improvement Recommendations	MTS Actions Taken to Implement Recommendations	NCTD Actions Taken to Implement Recommendations
1. Operating Cost Per Passenger						
2. Operating Cost Per Revenue Hour						
3. Passengers Per Revenue Hour						
4. Passengers Per Revenue Mile						
5. Revenue Hours Per Employee						
6. Farebox Recovery						

Form B

Statement of Efforts Made to Implement Performance Audit Recommendations

To be done by SANDAG.

Purpose

To document actions taken by the operator in response to each of the recommendations made in the performance audit according to Public Utilities Code Section 99246.

Special Instructions

1. For each recommendation, transit agencies will list the specific actions taken thus far, along with any planned efforts to be made in the future, toward implementation. If no action has yet been taken, the operators will list the reason(s) that no action has been taken, along with any planned efforts to be made in the future. For all future efforts, indicate the month when the planned efforts should be complete.
2. If a recommendation calls for the achievement of a specific level of an operating statistic or performance indicator, the calculated value of the statistic or indicator should be included under "Action Taken to Implement Recommendation." Supporting data required to calculate the statistic or indicator should be included on a separate sheet.
3. Any information requested in a recommendation should be included on a separate sheet attached to Form B.

**STATEMENT OF EFFORTS MADE TO IMPLEMENT
PERFORMANCE AUDIT RECOMMENDATIONS**

SANDAG Staff Member: _____ Date Completed: _____

Date of Last Performance Audit: _____

Line #	Performance Audit Recommendation(s)	Actions Taken to Implement Recommendations

Form C

Schedule of Base Statistics for Fixed-Route and Demand-Responsive Transit Systems

To be done by SANDAG.

Purpose

Transit operators provide the base statistics on a quarterly basis for each fiscal year which will be used by SANDAG to calculate various performance indicators. SANDAG will maintain a historical database of these base statistics for trend analysis work and performance audits. Annual summary will be done by SANDAG.

Special Instructions

1. Definitions for the base statistics to be reported by the transit agencies on Form C are provided in the list of definitions ("Base Statistics - Definitions of Terms") included in Section V of this manual.
2. Form C is to be submitted by the transit agencies on a quarterly basis according to the schedule shown at the beginning of Section IV. The claimant should maintain a copy of Form C submitted for the previous quarter and add the data for the next quarter to it each time until the fiscal year is complete.
3. The annual totals derived from the quarterly data should be consistent with the fiscal year totals reported in other annual reports. If adjustments are necessary, the claimant should notify SANDAG of the necessary adjustments to the quarterly data in order to correct the annual totals. SANDAG should be notified of these changes at the time of the next quarterly submittal provided that the data involves the current fiscal year (i.e., changes made to Quarter 3 data at the time of the Quarter 4 submittal).
4. If adjustments are necessary to a previous fiscal year's data, the claimant should notify SANDAG of the adjustments required as soon as possible and provide an explanation of the reason for the revisions. Revisions or corrections should be submitted to SANDAG in a timely manner.

Procedures for Capturing, Calculating, and Accumulating Passenger Miles for Demand-Response

Procedures for calculating passenger miles are outlined in the Federal Transit Administration (FTA) circular 2710.2A. To capture passenger miles, the odometer reading must be recorded for each passenger upon boarding the revenue vehicle and departing from the revenue vehicle. The odometer readings should be posted by the driver to the driver trip sheet.

Passenger miles for an individual passenger are calculated by subtracting the odometer reading upon boarding from the odometer reading upon disembarking. Total passenger miles for a day are calculated by adding up all the individual passenger miles from all the driver trip sheets for the day. Alternatively, daily passenger miles can be calculated by summing the odometer readings for all boardings and disembarkings by passengers, then subtracting the sum of the odometer readings upon boarding from the sum of the odometer readings upon disembarking.

The daily totals of passenger miles should be posted to a worksheet and accumulated over the quarter. Alternatively, the passenger mile information could be collected on a sample basis to develop an average trip length factor for use in computing a passenger mile estimate each quarter.

Procedures for Capturing and Reporting Response Time Performance for Demand-Response

Response time performance should be calculated on a sample basis at least once every six months. The days selected for the sample include typical days of both high and low demand for the system. It is recommended that all of the passenger trips for a selected day be included in calculating the response time performance for that day, in order for the sample to be more representative of all passenger trips taken.

To capture and calculate response time for a passenger trip, two data elements are necessary:

- The time of day that the request for dial-a-ride service was received
- The time of day that the same passenger was actually picked up

The difference between the above two times is response time.

To record the time of day that requests for service are received, the dispatcher (or other person receiving incoming requests for service) must log the following for each call received:

- Time of day that call was received
- Number of passengers
- Pick-up location
- Destination

To record the time of pick-up, the driver must record the following, for each passenger upon boarding, on the driver trip sheet:

- Time of day of pick-up
- Pick-up location
- Destination

To calculate the response times of the passenger trips, the log-ins of the calls received during a given day for dial-a-ride service must be matched with the corresponding log-ins made on the driver trip sheet upon passenger pick-up. The matching is done by comparing the time of day, number of passengers, pick-up location, and destination for the calls received against the corresponding information on the driver trip sheet. The time of the initial call for service and the time of pick-up should be recorded for each passenger on a worksheet. The difference between the two times, the response time, should be calculated and posted to the worksheet for each passenger.

After all of the response times for a given day are calculated and recorded, the number of response times falling within the following timeframes are to be counted:

- 0 to 15 minutes
- 16 to 30 minutes
- 31 to 45 minutes
- Over 45 minutes

The total number of passenger trips occurring within each range of response time, along with the total number of sample trips (for all of the days included in the sample(s) for the period) are to be posted to Form C.

Procedures for Capturing and Reporting Deviation Time for Demand-Response (for Operators Using an Advance Reservation System)

Deviation time is the difference, in minutes, between the scheduled pick-up time and the actual time of pick-up. It is to be calculated and reported by those transit systems operating under an advance reservation system, whereby passenger pick-ups are scheduled in advance. Where practical, it should be calculated and accumulated on an ongoing basis. As a minimum, deviation time should be calculated, on a sample basis, at least once each quarter.

Deviation time is captured by recording both the scheduled and actual time of pick-up for each passenger. The difference, in minutes, between the two times is the deviation time. It is suggested that, where practical, a driver trip sheet be utilized which includes prescheduled pick-up times for each passenger and an input space for each passenger to which the driver posts the actual pick-up time for each passenger.

To be calculated and accumulate deviation time, the deviation time captures are to be grouped into the following time frames:

- 0 - 10 minutes
- 11 - 20 minutes
- 21 - 30 minutes
- Over 30 minutes

The number of occurrences within each frame should be counted, along with the total number of occurrences. If deviation time is being captured on a daily basis, the daily totals should be posted to a separate worksheet. When all of the deviation times have been captured and calculated for the quarter (either on an ongoing or sample basis), the totals should be posted to Form C. If sampling is used, the sample should include either 100 observations or one month's history, whichever is less.

Procedures for Reporting Demand-Responsive Vehicle Service Miles and Hours and Total Miles and Hours

In general, the difference between vehicle service miles (revenue miles) and total miles or vehicle service hours (revenue hours) and total hours is the miles traveled or time spent while deadheading. The concept of deadheading is not as well defined for demand-responsive services as it is for conventional fixed-route services. For this reason, the following clarification, derived from FTA definitions, is provided to distinguish between vehicle service miles and total miles. The same definitions would apply to the differences between vehicle service hours and total hours.

- Vehicles traveling from a dispatching point to the point where the first passenger will be picked up are considered deadheading and are not in revenue service; i.e., these miles should not be reported as vehicle service miles.
- Similarly, travel without passengers back to the dispatching location should not be reported as vehicle service miles.
- All vehicle travel with or without passengers while available to carry passengers between these starting and ending places just described should be considered as vehicle service miles.
- If vehicle storage/maintenance locations are different from the locations from which the vehicles are dispatched, travel between any of these locations should be considered deadheading and should not be reported as vehicle service miles.

SCHEDULE OF BASE STATISTICS (Form C)

FISCAL YEAR:	
FISCAL QUARTER:	
Operator:	Name
Service:	Name
Completed by:	Name
Completed date:	Date

		FY07				
Line No	Base Statistics	1st Qtr Jul-Sep	2nd Qtr Oct-Dec	3rd Qtr Jan-Mar	4th Qtr Apr-Jun	Year to Date
1.	Revenue Miles	0	0	0	0	0
	Weekday					0
	Saturday					0
	Sunday					0
2.	Revenue Hours	0	0	0	0	0
	Weekday					0
	Saturday					0
	Sunday					0
3.	Total Hours	0	0	0	0	0
	Weekday					0
	Saturday					0
	Sunday					0
4.	Total Boarding (Passengers)	0	0	0	0	0
	Adult Pass					0
	Day Pass					0
	Youth Pass					0
	Senior/Disabled Pass					0
	Adult Cash					0
	Youth Cash					0
	Senior/Disabled Cash					0
	Token Passengers					0
	Prepaid Ticket Passengers					0
	Transfers					0
	Free Rides					0
	Weekday Total Passengers					0
	Saturday Total Passengers					0
	Sunday Total Passengers					0
5.	Total Operating Cost	\$0	\$0	\$0	\$0	\$0
	Personnel					\$0
	Marketing					\$0
	Security					\$0
	Repair/Maintenance Services					\$0
	Engine and Transmission Rebuild					\$0
	Other Outside Services					\$0
	Purchased Transportation					\$0
	Other Contracted Bus Services					\$0
	Fuel and Electricity for Vehicles					\$0
	Fuel and Electricity for Facilities					\$0
	Lubricants					\$0
	Tires/Tubes					\$0
	Other Materials and Supplies					\$0
	Risk Management					\$0
	General and Administrative					\$0
	Vehicle Lease					\$0
6.	Total Fare Revenue	\$0	\$0	\$0	\$0	\$0
	Cash Revenue					\$0
	Token Revenue					\$0
	Prepaid Ticket Revenue					\$0
	Special Transit Fares					\$0
7.	Full-Time Equivalent Employees (FTE)	0	0	0	0	0
	Operations					0
	Maintenance					0
	Administrative/Support					0
FORMULAS (Do Not Enter Unless Source Data Unavailable)						
TDA 1	Operating Cost Per Passenger*	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TDA 2	Operating Cost Per Revenue Hour*	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TDA 3	Passengers Per Revenue Hour	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TDA 4	Passengers Per Revenue Mile	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TDA 5	Revenue Hours Per Employee	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TDA 6	Farebox Recovery	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

* SANDAG to adjust for inflation using San Diego CPI for transportation

OTHER DATA

1.	Total Miles	0	0	0	0	0
	Weekday					0
	Saturday					0
	Sunday					0
2.	Unmet Trips					
3.	Total Trips					
4.*	Total Sample Response Time*	0	0	0	0	0
	No. of Responses Within 0-15 Min.					0
	No. of Responses Within 16-30 Min.					0
	No. of Responses Within 31-45 Min.					0
	No. of Responses Over 45 Min.					0
5.**	Total Sample Responses for Deviation Time	0	0	0	0	0
	No. of Arrivals With 0-10 Min. of Schedule					0
	No. of Arrivals With 11-20 Min. of Schedule					0
	No. of Arrivals With 21-30 Min. of Schedule					0
	No. of Arrivals Past 30 Min. of Schedule					0

* Response time data is required from only those operators not using an advance reservation system. Response time data is not required quarterly, but should be reported at least every six months.

** Deviation Time data is required from only those operators using an advance reservation system. Deviation time data is not required quarterly, but should be reported at least every six months.

VI. BASE STATISTICS – DEFINITION OF TERMS

Base Statistics	Definition
Vehicle Service Miles	The miles traveled when the vehicle is in revenue service (i.e., the vehicle is available for travel by the general public). For conventionally scheduled service, vehicle service miles is comprised of: (1) Running Time - The miles the vehicle travels on the route in passenger service typically from the beginning of a route to the end of a route, and (2) Layover/Recovery Time - The hours scheduled at the end of the route before the departure time of the next trip.
	For Demand-Response System: includes all service miles from the point of the first passenger pick-up, the distance to pick up the next passenger, to the last passenger drop off, and as long as the vehicle does not return to the dispatching point.
Total Service Miles	The miles a vehicle travels from the time it pulls out from its garage to go to revenue service to the time it pulls in from revenue service. It is often called platform time. For conventional scheduled services, it includes: (1) Revenue Miles - The miles that are comprised of running time and layover/recovery time, and (2) Deadhead Miles - The miles that a vehicle travels either: a) between the garage and the route, or b) when changing routes and the vehicle must travel from the end of one route to the beginning of the next route. Deadhead time also is known as nonrevenue miles (i.e., the vehicle is not available for travel for the general public).
	For Demand-Response System: includes all miles from the beginning and end of the dispatching point.
Vehicle Service Hours	The hours traveled when the vehicle is in revenue service (i.e., the vehicle is available for travel by the general public). For conventionally scheduled service, vehicle service hours is comprised of: (1) Running Time - The hours the vehicle travels on the route in passenger service typically from the beginning of a route to the end of a route, and (2) Layover/Recovery Time - The hours scheduled at the end of the route before the departure time of the next trip.
	For Demand-Response System: includes all revenue hours from the point of the first passenger pick-up, the time to pick up the next passenger, to the last passenger drop off, and as long as the vehicle does not return to the dispatching point.
Total Service Hours	The hours a vehicle travels from the time it pulls out from its garage to go to revenue service to the time it pulls in from revenue service. It is often called platform time. For conventional scheduled services, it includes: (1) Revenue Time - The hours that are comprised of running time and layover/recovery time, and (2) Deadhead Time - The hours that a vehicle travels either: a) between the garage and the route, or b) when changing routes and the vehicle must travel from the end of one route to the beginning of the next route. Deadhead time also is known as nonrevenue time (i.e., the vehicle is not available for travel for the general public).
	For Demand-Response System: includes all hours from the beginning and end of the dispatching point.

Base Statistics	Definition
Passenger Car Miles	The miles that passenger cars travel while in revenue service plus deadhead miles. <i>(For commuter rail mode, do not include locomotives miles.)</i>
Passenger Car Service Miles	The miles that passenger cars travel while in revenue service. Passenger car service miles exclude deadhead, training operators prior to revenue service, and road tests, as well as school bus and charter services. <i>(For commuter rail mode, do not include locomotives miles.)</i>
Passenger Car Hours	The hours that passenger cars travel while in revenue service plus deadhead hours. Actual car hours include layover/recovery time but exclude hours for charter services, school bus service, operator training, and maintenance testing. <i>(For commuter rail mode, do not include locomotives hours.)</i>
Passenger Car Service Hours	The hours that passenger cars travel while in revenue service. Passenger car service hours include layover/recovery time but exclude deadhead, training operator prior to revenue service, and road tests, as well as school bus and charter services. <i>(For commuter rail mode, do not include locomotives hours.)</i>
Total Passengers	The number of passengers who board public transportation vehicles. Passengers are counted each time they board no matter how many vehicles they use to travel from their origin to destination.
Transfers	Total number of passengers boarding a transit vehicle with any form of a transfer (e.g., free transfers, upgrades). Transfer slip holding passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to destination.
Passenger Miles	The cumulative sum of the distances ridden by each passenger. Use FTA C 2710.2A <i>Sampling Procedures for Obtaining Demand-Responsive Bus System Operating Data</i> .
Operating Cost	Total of all costs in the operating expense to support the ongoing operations of transit service, including: personnel, outside services, materials and supplies, energy, risk management, as well as general and administrative line items. Exclude the cost in the depreciation and amortization and all direct costs for providing charter services and of all vehicle lease costs (PUC Section 99247(a)).
Fare Revenues	Total cash and proceeds from ticket and pass sales paid by passengers (Object Classes 401, 402, and 403). It does not include advertising revenue, charter bus revenue, or general fund revenue.
Revenue Vehicle Failures	Number of vehicles in revenue services that either did not complete its schedule revenue trip or did not start its next scheduled revenue trip.
Complaints	Any written or oral complaint received by a transit system relating to transit service.
Full-Time Equivalent (FTE) Employees	Total number of employees in connection with the public transportation system meeting the local definition of full-time hours. Normally, these persons are entitled to receive the full benefits package (e.g., sick leave, vacation, and insurance benefits). Total employee hours include hours worked by any contract service employees (e.g., transit operations or maintenance). If the actual number of hours worked by a contract service cannot be

Base Statistics	Definition
	determined, total employee hours contributed by the contract service can be estimated by dividing the amount charged by the contractor over the period by a constant which represents the average hourly wage rate for its employee.
Administration FTE	Total number of executive, professional, and supportive transit system employees engaged in general management and administrative activities. This includes the general manager, assistant general manager(s), administrative assistants, managers, supervisors, and other professionals working in the various departments within a transit system, including clerical and other support personnel. This number is to be expressed in terms of full-time equivalent (FTE) employees based on the total hours worked by administrative, supervisory, and support personnel (to be calculated in the same manner as described above for full-time equivalent employees).
Vehicle Operations FTE	Total number of employees operating revenue vehicles, including both full-time and part-time employees. (This number is to be expressed in terms of full-time equivalent (FTE) employees, based on the total hours worked by the vehicle operators (to be calculated in the same manner as described above for full-time equivalent employees).
Maintenance FTE	Includes all employees engaged in the maintenance and repair of vehicles, buildings, grounds, and equipment. This number is to be expressed in terms of full-time equivalent (FTE) employees, based on the total hours worked by maintenance employees during the period (to be calculated in the same manner as described above for full-time equivalent employees).
Vehicles Operated in Maximum Service	Number of revenue vehicles operated to meet the annual maximum service requirement. This is the revenue vehicle count during the peak season of the year on the week and day the maximum service is provided.
Trains in Operation	Maximum number of trains actually operated to provide service on an average weekday, Saturday, and Sunday.
Vehicles/Trains Available for Maximum Service	Total vehicles/trains available, includes spares, out of service vehicles, and vehicles in or awaiting maintenance, excludes vehicles awaiting sales and emergency contingency vehicles.
Energy Consumption	The total gallons of fuel consumed during the operation of the total miles for each vehicle; cost and type of fuel (including electricity).
Missed Trips	An occurrence in which a transit operator fails to provide service for a scheduled trip. The procedure used to account for partial missed trips may vary based on local operating procedures. Each operator should provide SANDAG with the definition or methodology used in compiling missed trips.
Total Trips	A segment of a run (or a run) which begins with a departure from a terminal or scheduled stopping point and ends with either round-trip return to the starting point or arrival at another terminal or scheduled stopping point.

Base Statistics	Definition
Unmet Trips	The total number of trip requests that could not be served. A trip request is unmet when the request is made at least 24 hours in advance and cannot be scheduled within an hour before or an hour after the requested time.
Response Time	The difference, in minutes, between the time of the initial call for demand-responsive service and the actual time of pick-up.
Deviation Time	The difference, in minutes, between the scheduled and actual times of pick-up under an advance reservation system.

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APPENDIX F

FUND ELIGIBILITY WORKSHEET

Claimant: _____

Fiscal Year: _____

This worksheet is intended to assist operators and transit service claimants in determining the maximum eligibility of operating funds from the LTF and STAF, as defined in CCR 6634.

1. Total FY _____ Projected Operating Costs \$
2. Subtract the amount of fare revenues required to meet the applicable farebox recovery ratio or the actual amount of fare revenue to be received during the fiscal year, whichever is greater \$
3. Subtract the amount of local support required to meet applicable fare revenue plus local support to operating cost ratio requirements \$
4. Subtract the amount of federal operating assistance to be received during the fiscal year \$
5. Subtract the amount to be received pursuant to a contract with a jurisdiction to which the operator provides service beyond its boundaries \$
6. The resulting difference equals the maximum amount of operating support from the LTF, STAF, and UTF the claimant is eligible to receive during the fiscal year \$

CCR 6634 also defines the maximum eligibility for funds from the LTF and STAF for capital projects, rail passenger services, and grade separation projects. Claims under Article 4.5, 99260.7 or 99400.6 (express bus and vanpool services) are eligible for LTF monies, for purposes other than operating costs, in an amount not to exceed actual expenditures for the purchase of buses or vans. CTSA's also are eligible for funds for the purpose of communications and data processing equipment essential to providing, consolidating, and coordinating social service transportation.

APPENDIX G REQUIRED STATEMENTS

Claimant: _____ Fiscal Year: _____

Statement Regarding Accuracy of Budget Data

CCR 6632 requires that each transit operator (Article 4) or transit service claimant (Article 4.5, 99400.6, and 99400.7) include in its claim a statement signed by the chief financial officer of the claimant attesting to the reasonableness and accuracy of the budgetary information submitted included in the Budget Process. Each claim should be accompanied by, at a minimum, the following statement:

I hereby attest to the reasonableness and accuracy of the information submitted in the Budget Process for fiscal year ____.

Signed: _____

Title: _____

Statement Regarding Retirement System (Article 4 Only)

Section 99271 requires that each Article 4 claimant has fully funded the current cost of its retirement system in order to be eligible for funding. Sections 99272 and 99273 impose additional requirements for operators that have a private pension plan. Each Article 4 claim should be accompanied by, at a minimum, the following statement signed by the claimant's chief financial officer. Include any elaboration necessary depending on the individual circumstances.

I hereby certify that _____ (Claimant) has fully funded the current cost of its retirement system with respect to the officers and employees of its public transportation system and has met the applicable requirements of Sections 99271, 99272, and 99273 of the California Public Utilities Code.

Signed: _____

Title: _____

Statement Regarding Charter Services

Section 99250 requires that all charter bus services operated by a transit operator (Article 4) or transit service claimant (Article 4.5, 99400.6, and 99400.7) must meet certain conditions. Each claim must be accompanied by, at a minimum, one of the following statements. Additional information about specific charter service should be included, if necessary, to clarify conditions under which charter service was operated.

No charter bus service has been operated by _____ (Claimant) during the current fiscal year.

Signed: _____

Title: _____

Any charter services operated by _____ (Claimant) during the current fiscal year has met the requirements of Section 99250 of the California Public Utilities Code.

Signed: _____

Title: _____

Statement Regarding Reduced Fares and Accessibility Requirements

Section 99275.5(c)(5) requires SANDAG to make a finding that an Article 4.5 claimant is in compliance with Sections 99155 and 99155.5 prior to allocating any funds to that claimant. Section 99155 imposes certain requirements for reduced transit fares for senior citizens and handicapped persons and specifies certain identifications cards which shall be accepted in order to qualify for reduced fares. Section 99155.5 deals with eligibility requirements for dial-a-ride and paratransit services. The same requirements apply to Article 4 operators. In order for SANDAG to make the required findings and allocate funds, each claim must include the following statement:

I certify that all application services operated by _____ (Claimant) during the current fiscal year covered by this claim shall be provided in conformance with the requirements of Sections 99155 and 99155.5 of the California Public Utilities Code.

Signed: _____

Title: _____

APPENDIX H

A GUIDE TO THE SANDAG REGIONAL REPORTING SYSTEM

PERFORMANCE INDICATORS

INTRODUCTION

The San Diego Association of Governments (SANDAG) instituted the Regional Reporting System of transit operating statistics in 1980 to provide SANDAG with a set of base statistics and performance indicators with which to monitor transit operator performance. At the same time, the data provides transit managers with statistical indicators for monitoring and assessing their own operations. The program also provides data for the triennial performance audit evaluation. These forms have undergone revisions over the years.

The purpose of this guide is to assist persons responsible for local transit programs, especially those without extensive training in transit operations, in the use of the performance indicators for system monitoring.

The base statistics reported on Form C is defined in [Section IV of Appendix E](#). This section focuses on the performance indicators derived from those base statistics. SANDAG regularly updates performance indicator data for each operator based on the quarterly base statistics submitted and makes the information available to the operators. The purpose of the following discussion is to help the analyst answer questions about performance levels, and to provide a framework with which to analyze changes in system indicators.

DISCUSSION

The performance indicators include the evaluation of performance measures defined by the TDA, as well as those defined by SANDAG policy. The performance measures included in the TDA are reported in four categories: cost effectiveness, cost efficiency, service productivity, and labor productivity. These categories represent the relationships between service inputs, service outputs, and service consumption. Service inputs are the costs of doing business represented in the base statistics by operating cost. Service outputs are the products of transit service measured in terms of miles and hours of service. Service consumption is measured in terms of boarding passengers, transfers, and the fares collected.

The indicators are all rates such as cost per mile, so any analysis of changes to an indicator should consider whether the difference was caused by a change in the numerator or the denominator in the equation. The difference can be significant because the operator may have more control over one factor versus another. For example, a transit system may experience an increase in the cost per passenger as a result of an increase in costs, a decrease in the number of passengers carried, or both. If, the cost increases have resulted from expanded peak period express service, the additional cost is a direct result of the operator's decision to expand service. When expanded service does not result in an increase in revenue passengers sufficient to offset the additional cost, the operator must then decide if the additional cost per passenger is justified.

Another important group of factors affecting transit operations is the service environment. These factors also are evaluated and include several categories which SANDAG also will evaluate annually in terms of the progress made towards achieving multiyear goals. These categories and performance measures are described in [Chapter 7](#) of this manual.

In the following discussion, the performance indicators are discussed within the context of the four TDA indicator categories. In the lists of indicators, the mode for which each indicator is computed is identified as either fixed-route (FR), Fixed-Guideway (Rail) or demand-responsive (DR).

Cost-Effectiveness

Cost-effectiveness indicators are the ratios of service inputs to the units of consumption. The TDA calculation used to evaluate service cost efficiency is the ration of fare revenue to operating cost:

Mode			
FR	Rail	DR	
X	X	X	Operating Cost per Boarding Passenger
X	X	X	Fare Revenue per Operating Cost

The first indicator measures the cost of providing the service on a per passenger basis. The second measure indicates the overall financial health of the system through the calculation of the farebox recovery ratio. Any increase in the cost per passenger or per passenger mile beyond the regional increase in the consumer price index would be considered a negative trend unless it was offset by an increase in the average fare and maintenance of the farebox recovery ratio.

Cost Efficiency

Cost efficiency measures the relationship of inputs per unit of output. This indicator is:

Mode			
FR	Rail	DR	
X	X	X	Operating Cost per Service Hour

This measure calculates the cost of providing the service in relation to the amount of service supplied. As with cost-effectiveness indicators, increases in cost per unit may result from increases in either internal or external costs. Certain cost items such as fuel and tires will necessarily increase as miles of service increase, unless the unit cost of these consumables decreases. Reduced output without an accompanying reduction in costs also will increase the costs per unit. This could result from reduced labor productivity (e.g., reduced miles between road calls), or from slower system speeds. In the latter case, external factors such as traffic congestion could be the problem.

Service Productivity

These indicators measure consumption per unit of output. They include:

Mode			
FR	Rail	DR	
X	X	X	Boarding Passengers per Service Hour
X	X	X	Boarding Passengers per Service Mile

Productivity measures give a general indication of how well resources are being utilized. However, they are susceptible to the influence of the governing body's policy regarding the frequency and span of service. Any policy to increase or maintain service levels beyond levels required by passenger demand can generally be expected to reduce these indicators. Demand responsive operators should refer to the comments on passenger miles under cost-effectiveness above.

Service area characteristics also have a significant impact on operating efficiency measures. Smaller or more densely populated areas will usually generate higher passenger per mile rates than service areas with dispersed populations. However, the less dense operating environments usually permit higher operating speeds. These higher speeds somewhat offset the number of miles required to reach passengers so that the per hour operating statistics compare more favorably with the operations in the denser urban areas.

Labor Productivity

Labor productivity relates to the cost per unit of labor, labor efficiency and effectiveness, and labor overhead. The indicator is:

Mode			
FR	Rail	DR	
X	X	X	Service Hours per FTE Employee

In the case of contracted service, labor productivity is beyond the immediate control of the public agency's transit manager. However, labor inefficiencies in contracted service operations will probably result in noncompetitive contract bids. For directly operated service, reductions in the output per employee or an increase in driver pay hours per vehicle service hour suggests inappropriate staffing levels or inefficient use of staff. This could result from either the restraints of labor agreements, or inefficient scheduling.

CONCLUSION

An important point to remember when using the performance indicators to monitor system performance is the way the indicators relate to one another. Labor productivity has an impact on cost-effectiveness and efficiency figures, and system design has an impact on operating efficiency and effectiveness. Costs will rise and fall for both internal and external reasons. Fare revenue will only keep up with cost increases if either passengers or fares increase, and passenger boardings can be expected to decline if fares are raised. Any analysis of changes in one indicator should also consider possible changes to other related indicators.

In the final analysis, it is probably the service environment and the policies of the governing board that are the most important factors affecting the performance indicators. The impact of those factors is beyond the scope of this review, however. The object of collecting and reporting the base statistics and performance indicators is to help the transit manager get the most out of the available resources within that context.

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State of Good Repair Project Information									
#	Sub-Recipient If applicable	Project Title <i>Project Titles must match if appearing on more than one list. Max 50 Characters</i>	Project Description Max 250 Characters	Asset Type Dropdown Selection	Project Category Dropdown Selection	Current Condition of Asset Dropdown Selection	Useful Life If applicable In Years	Project Dates	
								Project Start Date	Project Completion Date
								MM/DD/YYYY	MM/DD/YYYY
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2									
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#	Project Location City	Project Funding						Legislative Districts			Notes, Comments, Additional Information	
		SGR Costs			Non-SGR Costs		Total Project Costs Auto Populated	Congressional	Senate	Assembly		
		2017-18 SGR Costs 99313	2017-18 SGR Costs 99314	Total SGR Costs 99313	Total SGR Costs 99314	Total STA Costs - Not Including SGR						Total All Other Funds
1								\$	-			
2								\$	-			
3								\$	-			
4								\$	-			
5								\$	-			
6								\$	-			
7								\$	-			
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40								\$	-			

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Overview of Developments in the Financial Markets, Quarterly Finance Report as of March 31, 2025

Overview

Staff provides quarterly briefings on the latest developments in the financial markets, economy, sales tax revenues, and the strategies being explored and implemented to minimize possible impacts to the TransNet Program; and a quarterly report on investments as required per [Board Policy No. 003](#).

Action: Information

This report provides an update on the latest developments in the financial markets, economy, sales tax revenues, and strategies being explored and implemented to minimize possible impacts to the TransNet Program.

Key Considerations

- Through March 2025 of FY 2025, sales tax revenue is 0.62% lower than FY 2024 collections through the same month, with TransNet revenue totaling \$322.9 million for the fiscal year thus far.
- Senior lien maximum annual debt service coverage, using sales tax receipts of \$424.7 million for the 12 months ending March 31, 2025, is 4.06 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$4.06 of sales tax revenue providing ample coverage, supporting SANDAG senior lien triple-A ratings.
- While inflation continued to ease down to 2.4% nationally through Q3, local inflation lingered at 3.8% by March. Variable inflationary pressure, especially for discretionary spending, is expected to restrain local consumer spending. For the time being, the regional economy remains relatively stable. Looking forward, expectations are increasingly uncertain in light of volatile federal policy, particularly tariff policy.

Fiscal Impact:

Senior lien debt service coverage remains strong at 4.06 times, providing ample coverage and supporting triple-A ratings.

Schedule/Scope Impact:

While the San Diego regional economy remained relatively stable in Q3, the economic outlook has shifted drastically as the US economy moves away from a soft landing scenario toward the probability of recession or stagflation.

Dawn Vettese, Chief Financial Officer

- Attachments:
1. Financial Market Review
 2. Local Economic Update and Sales Tax Revenues
 3. Investment and Debt Portfolio
 4. TransNet Extension Quarterly Report

Market Review and Update

Overview

In the first week of April the Municipal Market experienced its highest volatility since the Pandemic. The initial “Liberation Day” tariff announcement on April 2, and subsequent 90-day pause on most country specific tariffs on April 9 sent yields moving back and forth, at times more than 30 bps swings each day. At its last meeting in March the FOMC unanimously voted to hold rates steady at 4.25-4.50%. Although taking a backseat to tariff headlines, both CPI and PPI releases missed expectations, however the market has dismissed these as lagging indicators, focusing instead on if such trends will continue into the future. These factors, alongside continuing market uncertainties about the current and future economic policy of the Trump administration and general international trade tensions, are pushing yields higher in the short term.

Interest Rates

- **Treasury Rates:** Treasury rates (industry accepted benchmark for taxable bonds) continue to be volatile in 2025 as the market reacts to the Trump administration’s tariff announcements, and subsequent revisions and adjustments to said tariffs. As of Mid-April, bond markets have calmed somewhat, however in the immediate future markets may continue to evolve as investors attempt to price in the impact of tariff revisions against a backdrop of escalating trade tensions and mounting concerns over the US outlook, with fears of a recession and high inflation. Current long-term Treasury rates are at or close to the highest they have been since the end of 2023. The 2-year treasury rate is currently 3.77% and the 30-year treasury rate is 4.74%.
- **Municipal Market Rates:** Tax exempt municipal bond rates, as represented by the AAA BVAL rates (benchmark for tax-exempt rates produced by Bloomberg) rose significantly in April in response to tariffs, mirroring the movements in the Treasury market. The 30-year rate is currently at 4.46%.
- **Fed Funds Rate:** The Fed held rates steady in the 4.25% - 4.50% range at the March 2025 meeting. Recent commentary from the FOMC continues to indicate a more cautious approach, with a reduction in the cap of US treasury redemption to \$5 billion from \$25 billion and projections of slower growth and higher core inflation for the year.
- **Municipal Market Supply-Demand Dynamics:** Tax-exempt municipal bond issuance volume remained high going into 2025, totaling \$104.9 billion in the first quarter, inclusive of both tax-exempt and taxable municipal bonds. This volume was supported by modest inflows into bond funds over the same period; however, April saw large outflows in reaction to the evolving tariff situation which may have temporarily stemmed by the announcement of a 90-day pause as issuers and investors returned to market in mid-April.

Equity Markets: After several volatile weeks in early April which saw major indices lose substantial gains, equity markets began to calm as investors welcomed temporary tariff exemptions. However, the Trump administration’s long-term position on global tariffs and current minimum 124% tariff on Chinese goods continues to stoke investor fears of prolonged trade uncertainty.

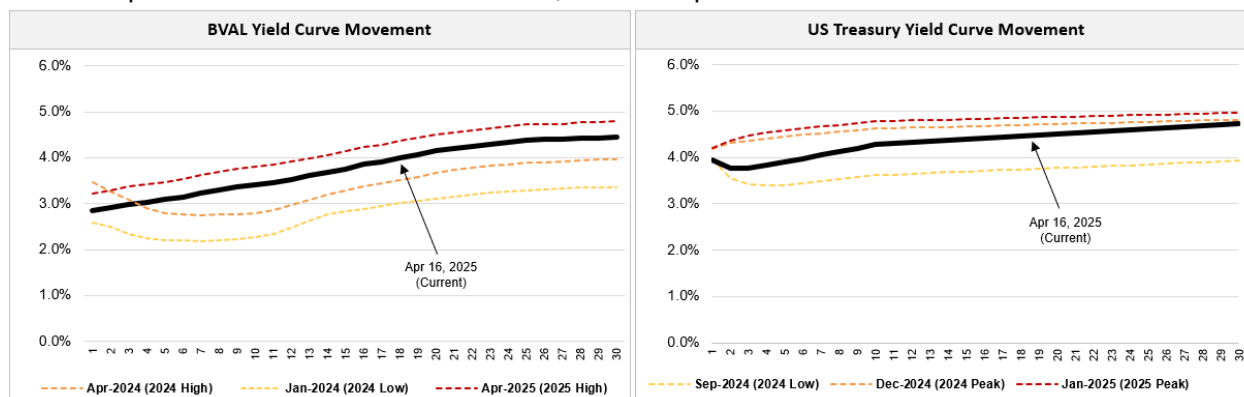
U.S. Economy

- **Jobs and Unemployment:** Initial Jobless Claims increased slightly to 223,000 for the week ending April 4. The unemployment rate rose to 4.2% in March 2025, above market expectations and the highest level since November.
- **GDP:** GDP expanded an annualized 2.4% in Q4 2024, up from 2.3% in Q3 2024 but slightly above forecasts of 2.3%. This increase was fueled by sustained consumer and business spending, as well as a rise in fixed investment.
- **Inflation:** The annual inflation rate eased to 2.4% in March, below forecasts and the lowest level since September Annual core inflation, which excludes items such as food and energy, eased to 2.8% in March 2025, down from 3.1% in February.

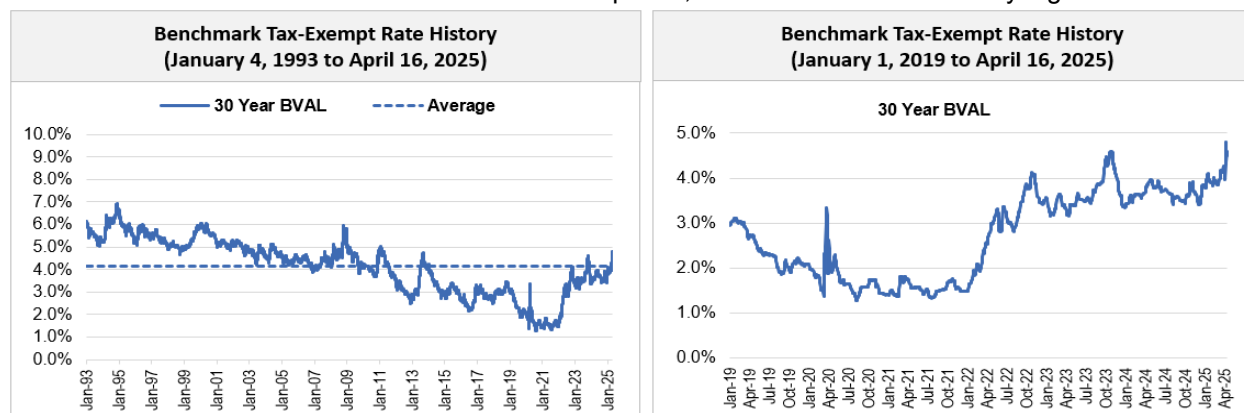
- **Personal Spending:** As one of the key drivers of the economy, personal spending increased by 0.4% in February 2025, rebounding from a 0.3% fall in January, but falling short of market expectations.
- **Retail Sales:** Retail sales in the US increased 1.4% month-over-month in March 2025, slightly above market expectations of a 1.3% rise.
- **Manufacturing and Service Data:** The S&P Global U.S. Composite Purchasing Managers Index (PMI) rose to 53.5 in March, up from 51.6 in February and in line with preliminary estimates. A reading above 50 indicates expansion in business activity, vice versa for readings below 50. The growth is primarily driven by the service sector (PMI 54.4). The Manufacturing PMI fell to 50.2 in March 2025.
- **Consumer Sentiment:** The University of Michigan's consumer sentiment plunged to 50.8 in April 2025 from 57 in March, the lowest level since June 2022.

Long-Term Tax-Exempt and Taxable Interest Rates

The Bloomberg Valuation Service's (BVAL) AAA yield curve (i.e., the "BVAL AAA" which is a widely accepted benchmark for tax-exempt municipal bond rates) has fluctuated over the course of 2025. The two charts below show current AAA BVAL yield curve and the current US Treasury yield curve (benchmark of taxable municipal bond rates) in comparison to the lowest and highest rates in recent months. As seen in the chart, the current BVAL AAA yield curve is higher than the 2024 peak and saw considerable volatility over the first two weeks of April 2025 in response to the new tariff policy. Treasury rates also increased in December and January, and long-term rates are currently at or close to the highest they have been in 2024 and 2025. On the short end, the U.S. Treasury curve has seen a return to slight inversion in reaction to a variety of market uncertainties reigniting fears of a recession. In general, the theme of volatility has only been amplified so far in 2025, as investors react to new trade and economic policies of the current administration, as well as periodic releases of economic data. While



current rates have backed-off from the most recent peaks, absolute rates remain fairly high.

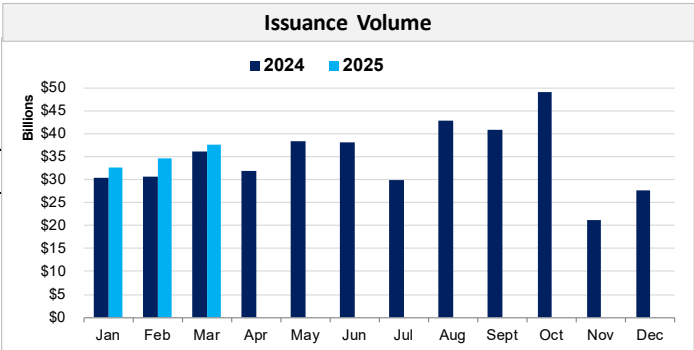


The current 30-year BVAL AAA bond yield is 4.46%, which is 32 bps higher than its long-term average of 4.14%.

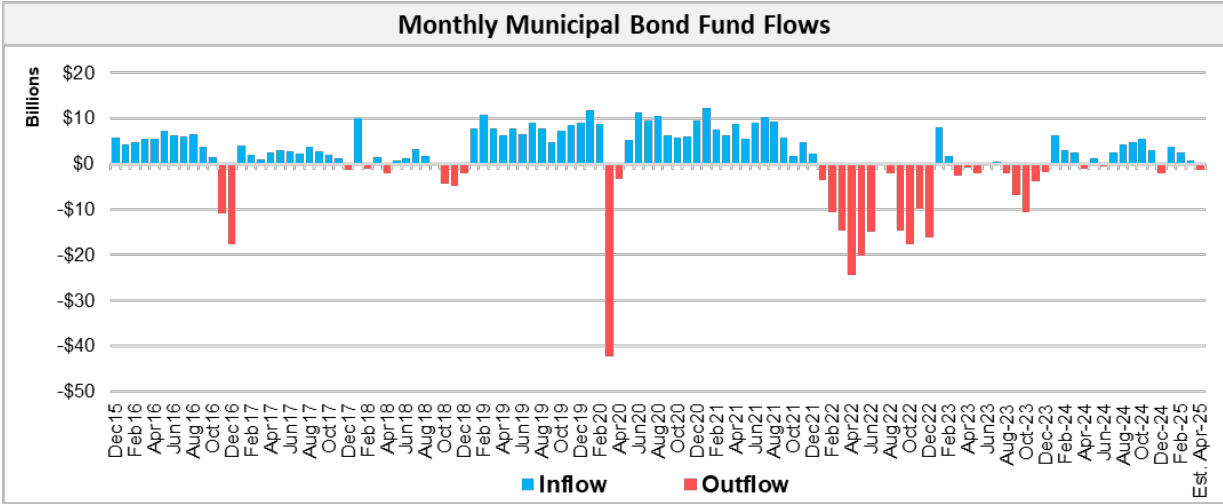
**The 1993-2010 data represents the AAA Municipal Market Data (MMD) data which is also a widely accepted tax-exempt benchmark rate. The 2011-2025 data represents the AAA BVAL rates*

Municipal Market Supply and Demand

For the calendar year of 2024 tax-exempt issuance volume totaled \$446.7 billion; a record 36% higher than 2023. This volume was driven by improved interest rates in 2024 reviving certain refundings and attracting more new money. So far in 2025 this general increase in tax-exempt volume has continued, with year-to-date issuance volume up 8.1% to \$104.9 billion in par issued though March 2025.



Mutual funds are one of the largest investors in municipal bonds and the net inflow or net outflow from mutual funds is indicative of demand for municipal bonds. There were outflows from municipal bond funds for a majority of 2022 and 2023 indicating weak investor appetite for municipal bonds owing to a very volatile and relatively high-interest rate environment. There were modest inflows throughout 2024 and early 2025, indicating an improving appetite for bonds. However, recent market shocks stemming from the evolving tariff situation led to outflows from municipals in April 2025.



Credit Spreads

Mirroring the movements in rates, credit spreads have also been volatile for the last few years since the pandemic. Spreads that had widened significantly in 2022 generally improved over the course of 2023 and 2024. In the first two weeks of April announcements of an extensive global tariff policy led to spreads temporarily widening, as investors choose to sit on the sidelines while attempting to evaluate the impact of the tariff policy. The temporary pause on tariffs calmed the markets. Credit spreads as well as absolute rates have subsequently improved but remain somewhat wider than they were pre-tariff announcements.

Interest Rate Forecasts

The Fed kept rates unchanged at 4.25-4.50% after its most recent meeting in March. The Fed dot plot released after the last meeting continued to suggest the possibility of two rate cuts in 2025. Several Fed members made recent statements favoring a “slower pace of interest-rate reductions” following a run of strong US economic indicators at the end of 2024.

The next table provides an average of interest rate forecasts by industry professionals. These are surveyed and compiled by Bloomberg. The market is forecasting two rate cuts of approximately 0.25% each in 2025. The two-year U.S. Treasury rate is forecasted to rise by 0.01% to 3.78% through the end of 2025. The ten-year U.S. Treasury rate is forecasted to fall by 0.02% to 4.26% by end of 2025. The 30-year U.S. Treasury rate is also forecast to fall by 0.23% to 4.51% by end of 2025.

Street's Interest Rate Forecast

Forecast	4/16/25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27
30-Year UST	4.74 %	4.56 %	4.53 %	4.51 %	4.54 %	4.47 %	4.43 %	4.45 %	4.43 %	4.47 %
10-Year UST	4.28 %	4.29 %	4.28 %	4.26 %	4.24 %	4.19 %	4.12 %	4.13 %	4.12 %	4.14 %
5-Year UST	3.90 %	4.04 %	4.02 %	3.98 %	3.97 %	3.93 %	3.87 %	3.89 %	3.85 %	3.90 %
2-Year UST	3.77 %	3.93 %	3.86 %	3.78 %	3.76 %	3.72 %	3.64 %	3.63 %	3.58 %	3.62 %
3M Secured Overnight Financing Rate	4.33 %	4.21 %	4.07 %	3.90 %	3.76 %	3.63 %	3.51 %	3.49 %	3.47 %	3.48 %
Federal Funds Target Rate Upper Bound	4.50 %	4.40 %	4.20 %	4.05 %	3.90 %	3.75 %	3.70 %	3.60 %	3.55 %	3.50 %
Federal Funds Target Rate Lower Bound	4.25 %	4.14 %	3.94 %	3.79 %	3.64 %	3.51 %	3.44 %	3.37 %	3.28 %	3.24 %

Local Economic Update and Sales Tax Revenues Third Quarter Fiscal Year 2025

Local Economy

The economic outlook shifted during the third quarter (Q3) of fiscal year 2025 (January through March of 2025) from positive to uncertain. At the start of Q3, the general view was that the Federal Reserve had successfully delivered a soft landing for the US economy. The outlook was positive with annual growth anticipated to be around 3%. Since then, economic expectations have darkened as growth forecasts have been downgraded with the rising probability of a recession or stagflation.¹

Amid growing concern, key fundamental indicators of the economy are giving mixed signals on the current state of the economy.

- **GDP.** GDP growth for the nation and California slowed more than expected through the first half of FY 2025, raising concerns on how much room the economy has to respond to economic volatility and uncertainty. US GDP fell from 3.1% to 2.5%. While a 2.5% growth rate for the nation is healthy, developments in the third quarter likely stifled prospective economic performance. For California, GDP slowed considerably (from 3.1% to 1.4%), leaving little room to withstand possible disruptions.
- **Inflation.** The most recent read on inflation revealed that the turnabouts in tariff policy have not yet worked their way through the economy. Nationally, headline inflation fell from 3% to 2.4% (from January to March), while inflation held steady at 3.8% for the San Diego region. Furthermore, the region's steady inflation level masked the different movements in prices across broad categories of the household budget. The cost of gas and apparel fell while food – particularly, at grocery stores and restaurants – continued to rise. The variable inflationary pressure, especially for discretionary spending, will likely restrain local consumer spending.
- **Wages.** The San Diego region saw relatively strong earnings growth in Q3 FY 2025. Average hourly earnings rose 6.7% to outpace inflation. The region's earnings growth was stronger than both the State average and that of California metropolitan areas. For the State of California, earnings rose 5.8%. The Los Angeles metropolitan area averaged 5.3%; Riverside-San Bernadino area averaged 6.2%. The buildup of earnings for the region will help mitigate how falling consumer sentiment translates to household spending.
- **Employment.** Labor markets are cooling. The unemployment rate leveled off and was accompanied by very modest employment growth. The US and California both experienced positive job gains for Q3 FY 2025. Nationally, employment rose by 1.07 million, and in California, Q3 gains were around 179,200. Among California's 5 largest metropolitan areas, the San Diego region is on track to lead in Q3 employment gains. Total employment in the San Diego Region was nearly 1.6 million in February (up 13,100 from the previous month).

Although employment rose, the gains were concentrated in a handful of sectors and consistent with Q1 and Q2 employment patterns for the San Diego region. Health care and leisure and hospitality continued expanding through Q3. Health care added 2,800 jobs. Leisure and hospitality, which includes arts and entertainment, accommodation, and food service, gained 3,700 jobs. In contrast, employment in manufacturing, professional and technical services, and retail continued to contract.

Recent movements in financial markets highlight the uncertainty surrounding economic expectations. At the same time, Q3 economic indicators suggest that San Diego's regional economy is, for the time being, relatively stable. The data also highlights how the region may be exposed to federal and state policy and budgets. As noted, the industry employment trends hint at some softening in three of the region's key sectors – retail, manufacturing (including biotech), and professional and technical services. The direction that US tariff policy takes in the coming months carries the risk of further weakening these sectors and

¹ [Smoothed U.S. Recession Probabilities \(RECPROUSM156N\) | FRED | St. Louis Fed](#), accessed 4/21/2025.

acting as a major drag on the region's leisure and hospitality sectors. Uncertainty over the security of federal grants and the timing of rate cuts is expected to discourage business investment that is needed to bolster the region's R&D and biotech sectors and commercial and industrial real estate markets.

While Q3 data signaled a relatively level economy, the data also suggests that the Region may be becoming more sensitive to potential drags on growth.

Sales Tax Revenues

Despite a positive third quarter (FY 2025), sales tax revenue continues to show weakness. Year-to-date, TransNet revenue totals \$322.9 million, tracking 0.62% (\$2 million) below last year. Total collections for January through March of this year were \$111.28 million, compared to \$109.27 million for the same period last year. Q3 experienced larger-than-usual monthly fluctuations that are attributed to corrections in cash collections. Table 1 compares revenue by month for the current and previous fiscal years. Table 2 reports annual revenue beginning in FY 2009 (the first year of the TransNet Extension Ordinance).

Consumer spending, which drives economic growth and sales tax revenue, has been resilient through the inflationary pressures and recent volatility. However, household consumption in the San Diego region has been slowing for over a year and shifting away from taxable items, as evidenced by the trajectory of sales tax revenue. Disinflation in some taxable items (particularly gas), muted automobile sales, and restrained business spending continue to be drags on sales tax revenue. Based on the third quarter and evolving economic conditions, these dynamics are not expected to ease, reducing the likelihood that Q4 sales tax revenue can recover enough to offset year-to-date weakness. SANDAG continues to expect FY 2025 will record another year of negative growth. FY 2025 TransNet revenue is projected to be around \$420 million (or 1.55% lower than FY 2024).

Table 1: TransNet Revenue by Month

Month	FY 2024	FY 2025
July	\$43,691,260	\$42,756,562
August	\$27,925,686	\$29,154,928
September	\$36,672,942	\$36,669,208
October	\$38,088,738	\$34,614,090
November	\$33,489,426	\$33,063,017
December	\$35,801,646	\$35,389,735
January	\$33,972,638	\$31,821,636
February	\$39,509,271	\$47,515,705
March	\$35,786,454	\$31,941,036
April	\$33,305,657	
May	\$33,419,427	
June	\$35,029,838	
TOTAL	\$426,692,983	\$322,925,917

Table 2: TransNet Revenue by Year

Year	Annual Revenue
FY2009	\$221,991,360
FY2010	\$204,191,748
FY2011	\$221,304,014
FY2012	\$236,947,113
FY2013	\$247,221,162
FY2014	\$260,114,931
FY2015	\$268,840,549
FY2016	\$275,500,023
FY2017	\$284,456,260
FY2018	\$301,455,493
FY2019	\$305,349,500
FY2020	\$305,851,214
FY2021	\$333,998,567
FY 2022	\$405,921,138
FY 2023	\$429,735,180
FY 2024	\$426,692,983
FY 2025*	\$322,925,917
TOTAL	\$5,052,497,152

*Reflects Q1 through Q3 FY2025 collections.

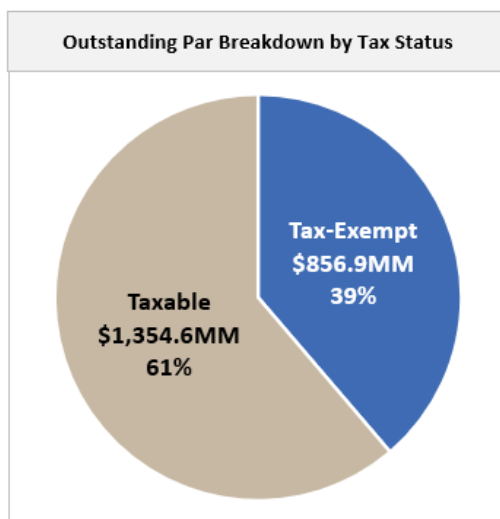
AGENCY DEBT PORTFOLIO OVERVIEW

Commission Outstanding Debt Overview

SANDAG, serving as the San Diego County Regional Transportation Commission, has \$2.20 billion of outstanding long-term debt. A summary of the outstanding bonds is tabulated and graphically presented below.

Summary of Outstanding Debt							
Series	Lien	Tax Status	Coupon Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2010A	Senior	Taxable	Fixed Rate	\$338,960,000	338,960,000	Make-Whole	4/1/2048
2016A	Senior	Tax-Exempt	Fixed Rate	\$325,000,000	278,750,000	4/1/2026	4/1/2048
2019A	Senior	Taxable	Fixed Rate	\$442,620,000	314,062,000	4/1/2030	4/1/2048
2020A	Senior	Tax-Exempt	Fixed Rate	\$74,820,000	66,290,000	4/1/2030	4/1/2048
2021A	Senior	Taxable	Fixed Rate	\$149,840,000	140,180,000	4/1/2031	4/1/2048
2021B	Subordinate	Tax-Exempt	Fixed Rate	\$116,150,000	116,150,000	4/1/2031	4/1/2039
2023A	Senior	Tax-Exempt	Fixed Rate	\$433,355,000	395,715,000	4/1/2033	4/1/2042
TIFIA	Junior Sub.	Taxable	Fixed Rate	\$537,484,439	561,401,169 ¹	Anytime	10/1/2045
Total					\$2,211,508,169		

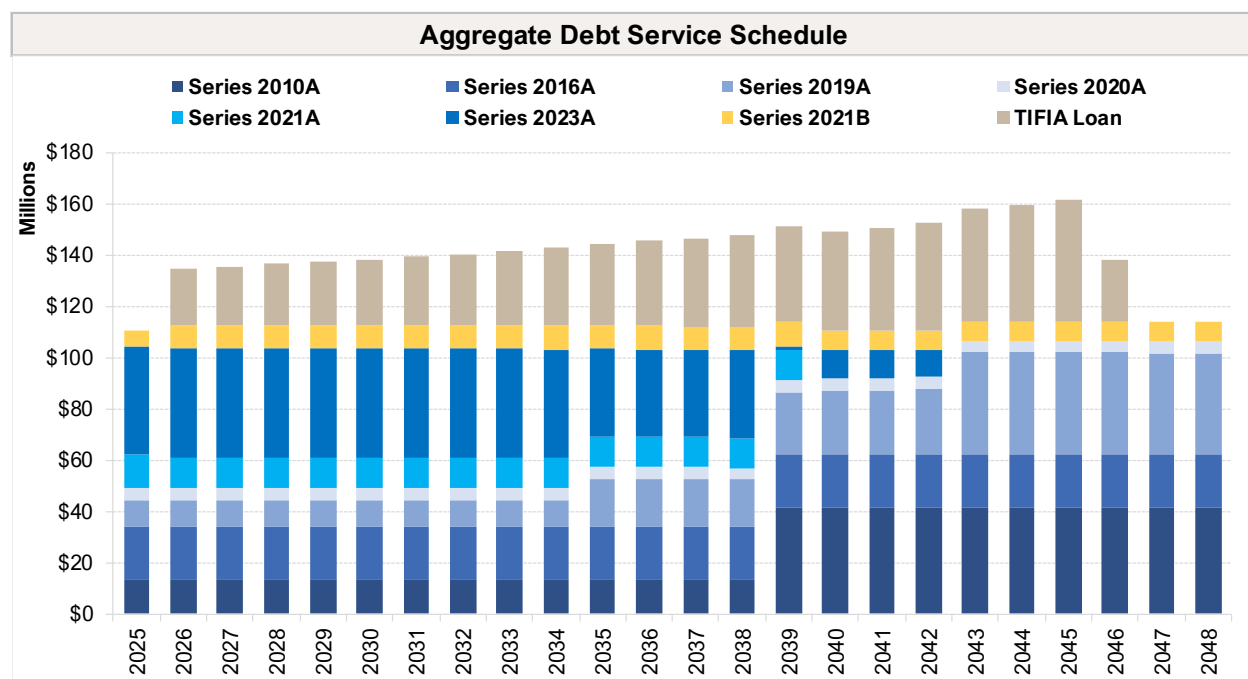
The long-term debt portfolio is comprised of 100% fixed-rate debt. Of the total debt portfolio, 61% consists of taxable debt, including the TIFIA loan, and the remaining 39% is tax-exempt bonds.



¹Balance as of 4/1/2025

Debt Service and Coverage

SANDAG has debt obligations on three separate lien levels, providing different priority of sales tax payment to investors based on their respective lien level. Senior lien obligations are paid first, followed by subordinate lien obligations and then junior subordinate lien obligations (i.e., TIFIA loan). The TIFIA loan is repayable from a third lien that is subordinate to the senior lien bonds, and subordinate to the 2021B Bonds and the commercial paper notes. This three-tiered lien structure has been developed by SANDAG to maximize program capacity, keep senior lien ratings as high as possible, and minimize borrowing costs. Excluding the TIFIA loan, SANDAG has a level debt service profile with senior lien annual debt service ranging from \$102.9 million to \$106.6 million per year through FY 2048. The aggregate senior and subordinate lien debt service ranges from \$110.3 million to \$114.0 million. With the TIFIA loan, SANDAG's aggregate debt service is ascending with peak debt service of \$161.2 million in FY 2045.



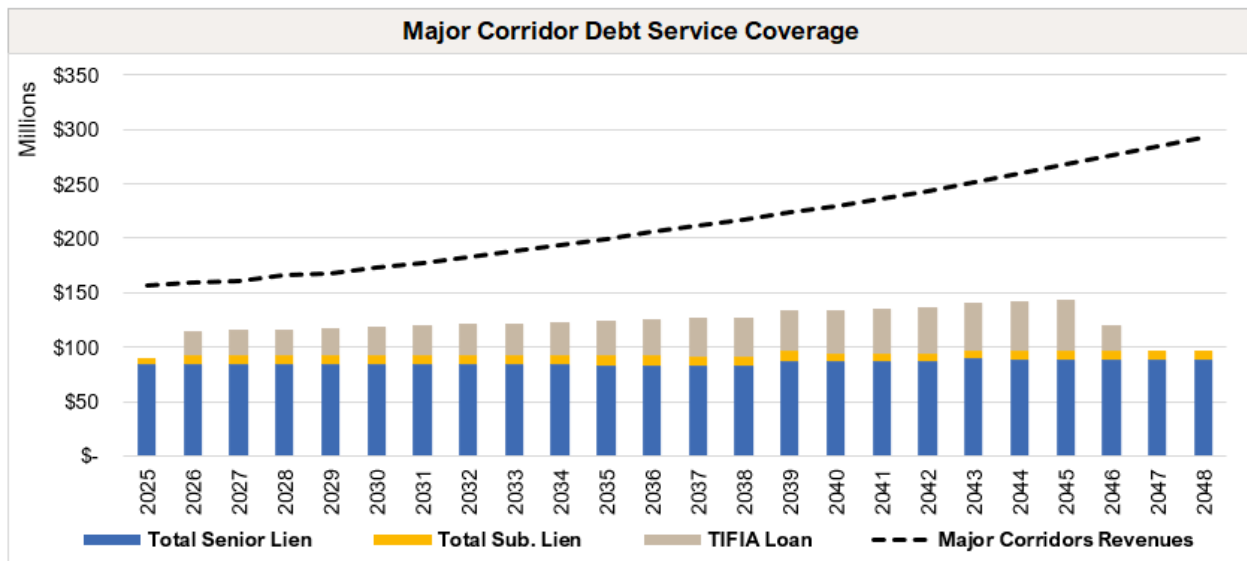
Senior lien debt service coverage, using sales tax receipts of \$424.7 million for the 12 months ending March 31, 2025, is 4.06 times. Meaning, for every \$1 of senior lien debt service, SANDAG received \$4.06 of sales tax revenue, providing ample coverage and supporting SANDAG senior lien triple-A ratings. Total coverage, when comparing the annual revenues for the 12 months ending March 31, 2025, to peak debt service in FY 2045, is 2.52 times.

Major Corridors Coverage

In accordance with the *TransNet* Ordinance, the Major Corridors subprogram receives 38% of *TransNet* revenues after allocations for administrative and ITOC expenses. Major Corridors is the most capital-intensive program, funding various projects, including the Mid-Coast Corridor Transit Project. Costs associated with these projects can and have been funded with tax-exempt bonds. SANDAG Board Policy No. 036: San Diego County Regional Transportation Commission Debt Policy, dictates that the Major Corridors subprogram (and other *TransNet* subprograms) maintain an annual debt service coverage ratio of at least 1.00 times, meaning that for every \$1 of *TransNet* revenue, there is no more than \$1 of debt service allocated to the subprogram in any given year. Board Policy No. 036, Section 2.3, states as follows:

2.3 Borrowing requirements are determined for each eligible sub-program and debt service is allocated to each sub-program based upon its pro rata share of bond proceeds. It is the general principle for the TransNet Plan of Finance that the annual debt service for each sub-program be less than the annual sales tax revenue allocated to a sub-program on an annual basis. This 1.0 times program debt service coverage requirement ensures that no single sub-program incurs more debt than it can afford.

For planning purposes, debt service has been structured using a forecast of sales tax receipts. Based on this forecast, coverage in the Major Corridors Program is estimated at 1.74 times in FY 2025. Based on that revenue forecast, annual coverage is projected to dip to 1.39 times when the TIFIA loan payments start in FY 2026. The TIFIA debt service structure in the Major Corridors Program increases over time, in anticipation of future increases in sales tax revenue.



Cost of Capital

SANDAG has a very attractive weighted average cost of capital (WACC) of 2.89%.

The 2010A bonds were issued as taxable Build America Bonds and have a borrowing cost of 3.89%. The 2016A and 2020A bonds were issued at an all-in cost of 3.29% and 2.62% respectively. The 2019A refunding bonds that refunded a part of 2012A and 2014A bonds were issued at an all-in cost of 3.19%. The taxable 2021A bonds refunded a portion of the remaining 2014A bonds were issued at an all-in cost of 2.21%. The tax-exempt 2021B bonds raised new money funding as well as refunded a portion of the 2014A bonds and issued at an all-in cost of 2.71%. The 2023A bonds were issued to refund all of the variable-rate 2008 bonds as well as a portion of the 2019A bonds and issued at an all-in cost of 3.23%. The TIFIA loan has a borrowing cost of 1.75%. Taken together, SANDAG has issued over \$2.0 billion in long-term debt to accelerate project delivery and for refunding, for a WACC of 2.89%.

SANDAG's WACC Calculations		
Series	Original Par	All-in TIC
2010A	\$338,960,000	3.8871%
2016A	\$325,000,000	3.2947%
2019A	\$442,620,000	3.1890%
2020A	\$74,820,000	2.6226%
2021A	\$149,840,000	2.2136%
2023A	\$433,355,000	3.2264%
2021B	\$116,150,000	2.7146%
TIFIA	\$537,484,439	1.7500%
Total Weighted Avg.		2.8872%

Credit Ratings

SANDAG's debt secured by TransNet sales tax revenues is rated by Standard and Poor's (S&P) and Fitch as shown here. SANDAG's senior lien ratings are currently at the highest possible level with the triple-A ("AAA") rating and a "stable" outlook. The ratings were last reviewed and affirmed in April 2024 and May 2024, respectively.

SANDAG Ratings (TransNet)		
Lien	S&P	Fitch
Senior Lien	AAA/Stable	AAA/Stable
Subordinate Lien Bonds	AA/Stable	AA+/Stable
Third Lien TIFIA Loan	A+/Stable	A+/Stable

Commercial Paper Program

In addition to the long-term debt, SANDAG has a short-term Commercial Paper Program supported by a Letter of Credit (LOC) from Bank of America Merrill Lynch. The Commercial Paper Program was authorized at \$100 million and has a current outstanding balance of \$16.8 million. On March 20, 2025, it was remarketed out 89 days, at a rate of 2.68%. The supporting LOC was recently extended and is in place through August 2027 at an annual cost of 0.37%. BofA currently serves as remarketing agent for the CP.

SANDAG Outstanding Debt Overview

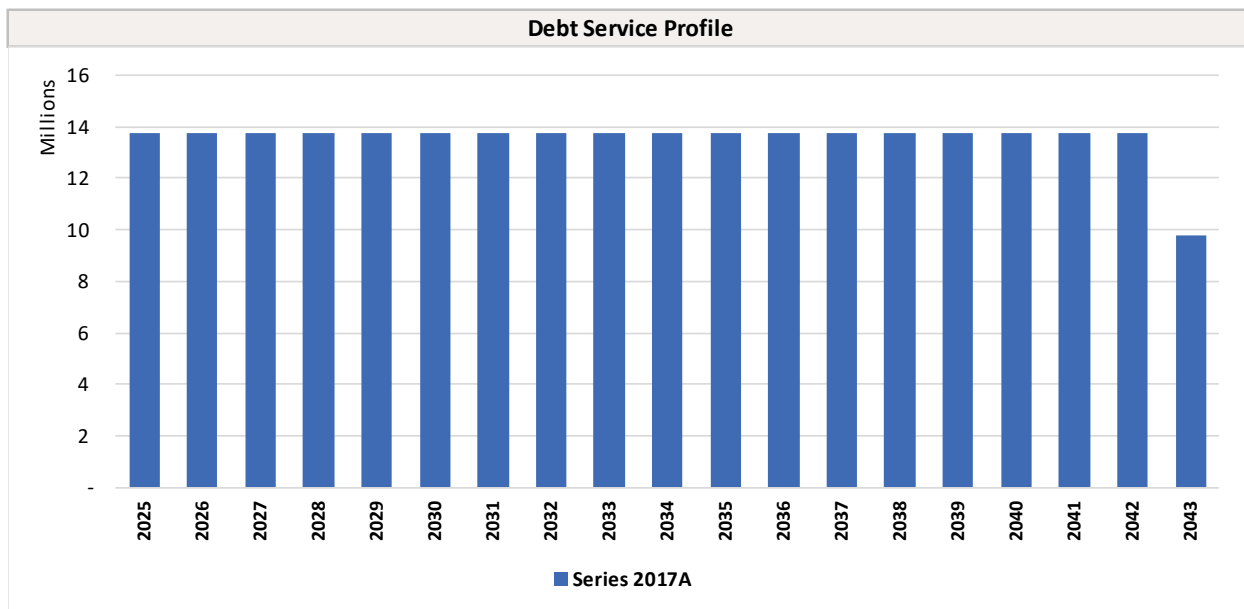
SANDAG has debt outstanding in conjunction with the South Bay Expressway toll road as summarized in the table below.

South Bay Expressway

The SANDAG debt portfolio for South Bay Expressway (SBX) is comprised of a single bond series. In November 2017, SANDAG issued Toll Revenue First Senior Lien Bonds, 2017 Series A to refinance indebtedness incurred with the acquisition of SBX. The bonds are secured from the toll revenues generated on SBX, net of operating expenses. As of July 1, 2024, the debt outstanding is \$161.6 million.

Summary of Outstanding Debt						
Series	Tax Status	Coupon Type	Original Par	Outstanding Par	Call Date	Final Maturity
2017A	Tax-Exempt	Fixed-Rate	\$194,140,000	\$161,645,000	7/1/2027	7/1/2042

An annual debt service chart is provided presented below. The annual payment on the bonds is level at about \$13.8 million through final maturity in FY 2043. Based on audited annual net toll revenues of \$31.45 million for FY 2024, the coverage on future maximum annual debt service payment was 2.29 times. This demonstrates strong debt service coverage and satisfies the rate covenant of 1.50 times in the bond documents.



S&P and Fitch maintain credit ratings on the toll-revenue bonds. S&P last affirmed their rating of 'A' in January 2025. Fitch last affirmed their rating of 'A', with a stable outlook, in August 2024.

Looking Ahead

SANDAG expects to deliver a majority of upcoming project needs on a pay-go basis. That said, SANDAG has existing borrowing capacity driven by strong *TransNet* sales tax revenue receipts over the past several years. Staff continues to evaluate borrowing requirements in the context of project delivery needs. SANDAG's Series 2016A sales tax bonds are callable April 1, 2026, and SANDAG staff is evaluating the refunding economics on those bonds with the aim of executing a refunding transaction in late 2025 if there is potential for debt service savings. Any borrowing recommendation, new money or refunding, would be presented to the Board in the future for consideration.

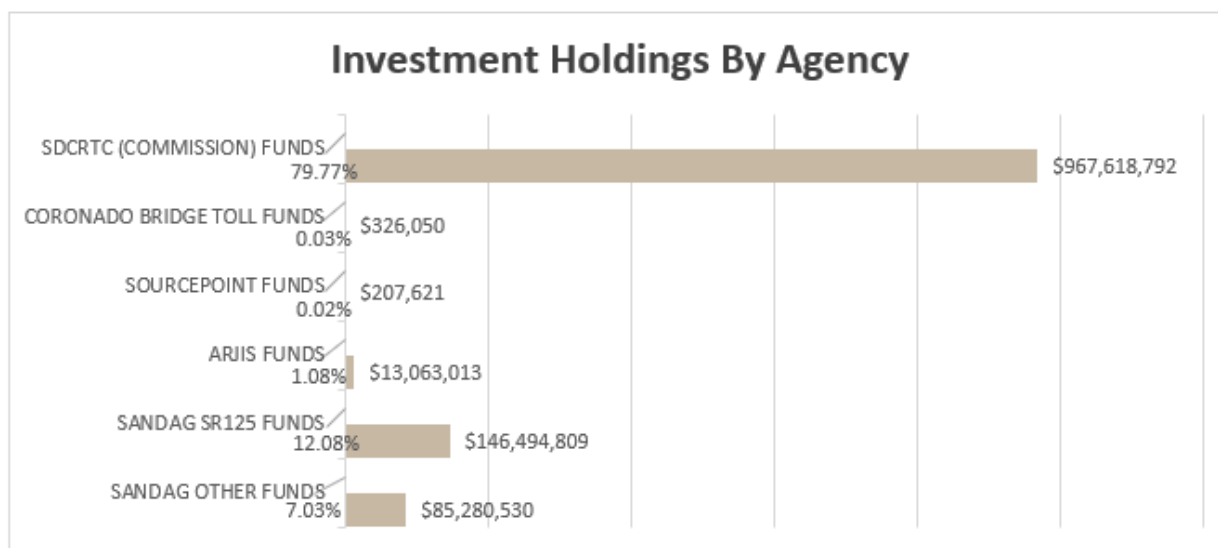
Quarterly Investment Data

Included with this quarterly finance report through March 31, 2025, are a Detail of Portfolio Balances (by Account); and a Detail of Portfolio Balances (by Investment Type) for all money under the direction or care of SANDAG, including funds of the Commission, SourcePoint, and the Automated Regional Justice Information System (ARJIS).

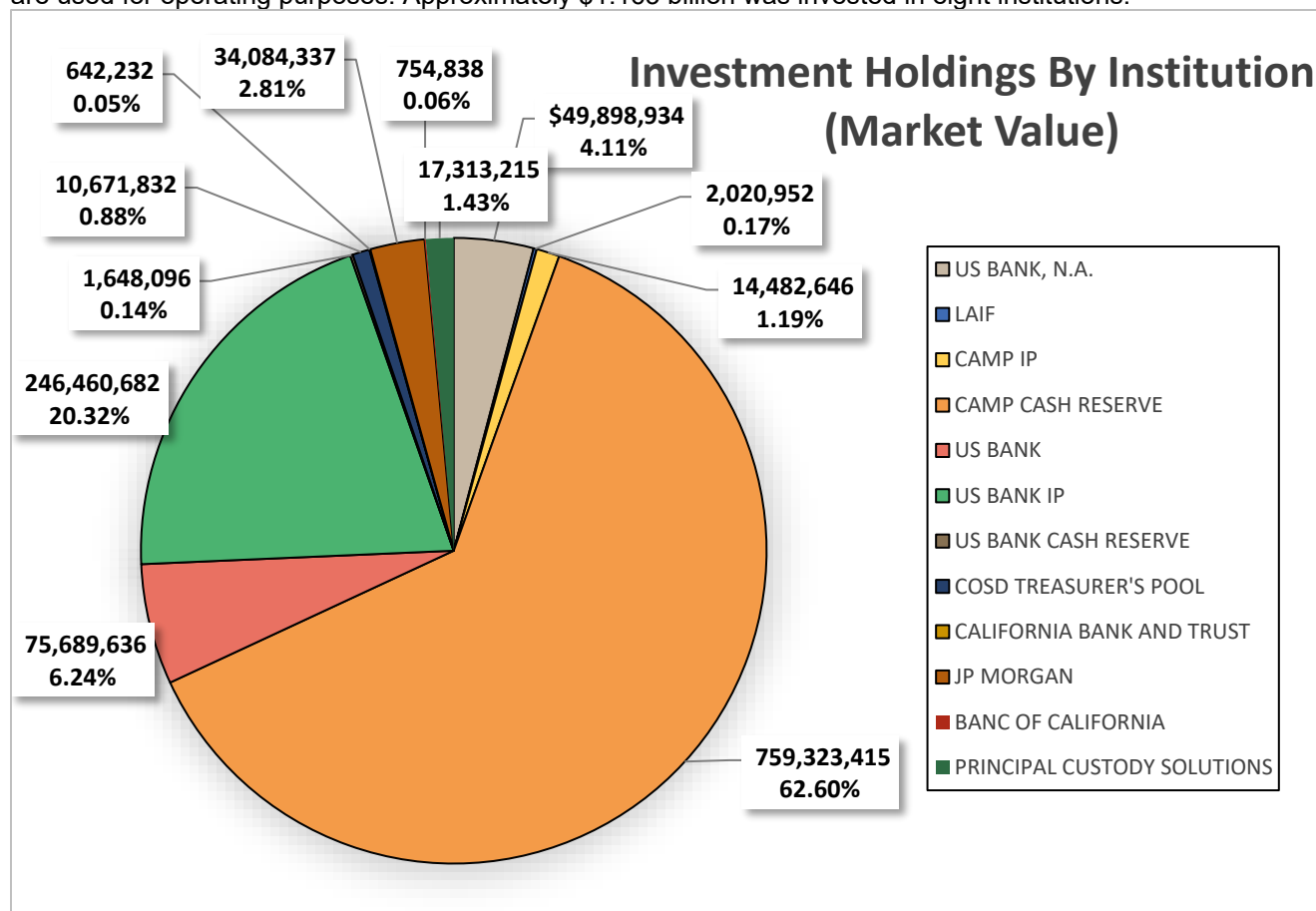
As of March 31, 2025, a total of \$1.213 billion was held by SANDAG in a number of investment accounts, in comparison to \$1.116 billion held in the previous quarter. The \$96.7 million increase during the quarter is primarily due to operating activity within the investment and operating accounts.¹

¹ Due to rounding, the numbers below may not tie to the attached detail of investments.

The chart below provides a summary of the holdings by Agency.



Approximately \$49.9 million was held in eleven U.S. Bank, N.A. accounts at the end of the quarter, which are used for operating purposes. Approximately \$1.163 billion was invested in eight institutions.



The Finance Department has continued to implement the Board of Directors investment objectives of safety, liquidity, and return on investment for the SANDAG investment portfolio. These will continue to be important investment objectives for the future.

Certifications

The Chief Financial Officer reports that this investment portfolio, together with the authorized short-term Commercial Paper Program, will provide the necessary liquidity to meet the expenditure requirements of SANDAG, the Commission, ARJIS, and SourcePoint for the next six months. This portfolio is in compliance with state law and Board Policy No. 003: Investment Policy.

SANDAG
Summary of Portfolio Balances (by Institution)
as of March 31, 2025

Institution	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
US BANK, N.A.	\$ 49,898,934.33	4.13%	\$ 49,898,934.33	100.00%	\$ -	N/A	1
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND	2,020,951.57	0.17%	2,020,951.57	100.00%	-	4.58%	244
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP) INDIVIDUAL PORTFOLIO	14,130,240.23	1.17%	14,482,645.58	102.49%	352,405.35	4.19%	137
CAMP CASH RESERVE PORTFOLIO	759,323,415.06	62.84%	759,323,415.06	100.00%	-	5.29%	40
US BANK TRUST	75,710,255.79	6.27%	75,689,636.01	99.97%	(20,619.78)	3.64%	18
US BANK INDIVIDUAL PORTFOLIO	241,646,128.11	20.00%	246,460,682.00	101.99%	4,814,553.89	4.35%	843
US BANK CASH RESERVE PORTFOLIO	1,648,095.61	0.14%	1,648,095.61	100.00%	-	0.00%	1
SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	10,671,832.10	0.88%	10,671,832.10	100.00%	-	3.67%	489
JP MORGAN	34,092,485.20	2.82%	34,084,337.26	99.98%	(8,147.94)	4.38%	31
CALIFORNIA BANK AND TRUST	642,232.12	0.05%	642,232.12	100.00%	-	N/A	1
BANC OF CALIFORNIA	754,837.85	0.06%	754,837.85	100.00%	-	N/A	1
PRINCIPAL CUSTODY SOLUTIONS	17,720,762.48	1.47%	17,313,215.44	97.70%	(407,547.04)	2.73%	1
TOTAL	\$ 1,208,260,170.45	100.00%	\$ 1,212,990,814.93	100.39%	\$ 4,730,644.48	4.68%	205

Summary of Portfolio Balances (by Agency)

Agency	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
SANDAG FUNDS	\$ 232,203,505.29	19.22%	\$ 231,775,338.47	99.82%	(428,166.82)	3.32%	49
AUTOMATED REGIONAL JUSTICE INFORMATION SYSTEM FUNDS	13,063,012.96	1.08%	13,063,012.96	100.00%	-	4.02%	36
SOURCEPOINT FUNDS	207,621.31	0.02%	207,621.31	100.00%	-	3.65%	469
CORONADO BRIDGE TOLL FUNDS	326,050.19	0.03%	326,050.19	100.00%	-	4.47%	40
SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION FUNDS	962,459,980.70	79.66%	967,618,792.00	100.54%	5,158,811.30	4.35%	243
TOTAL	\$ 1,208,260,170.45	100.00%	\$ 1,212,990,814.93	100.39%	\$ 4,730,644.48	4.15%	203

Note: In addition to the funds held above, there is \$5,240 petty cash held at SANDAG.

SANDAG
Detail of Portfolio Balances (by Account)
as of March 31, 2025

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
US BANK, N.A.:							
Checking - (ARJIS)	\$ 1,324,616.63	0.11%	\$ 1,324,616.63	100.00%	\$ -	N/A	1
Checking - (RTC) TransNet Sales Tax	2,750,872.75	0.23%	2,750,872.75	100.00%	-	N/A	1
Checking - (SANDAG) General	27,873,083.81	2.31%	27,873,083.81	100.00%	-	N/A	1
Checking - (SANDAG) Flexible Spending Acct (FSA)	19,618.47	0.00%	19,618.47	100.00%	-	N/A	1
Checking - (SANDAG) Interstate 15 (I-15) FasTrak®	4,212,806.28	0.35%	4,212,806.28	100.00%	-	N/A	1
Checking - (SANDAG) Revenue Account Common	2,493,770.60	0.21%	2,493,770.60	100.00%	-	N/A	1
Checking - (SANDAG) Refund Account Common	261,361.02	0.02%	261,361.02	100.00%	-	N/A	1
Checking - (SANDAG) SAFE Program Account	3,203,808.88	0.27%	3,203,808.88	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Collection Account	96,296.19	0.01%	96,296.19	100.00%	-	N/A	1
Checking - (SANDAG) State Route 125 (SR-125) Payment Account	7,654,292.51	0.63%	7,654,292.51	100.00%	-	N/A	1
Checking - (SourcePoint)	8,407.19	0.00%	8,407.19	100.00%	-	N/A	1
TOTAL US BANK, N.A.	\$ 49,898,934.33	4.13%	\$ 49,898,934.33	100.00%	\$ -	N/A	1
STATE OF CA LOCAL AGENCY INVESTMENT FUND (LAIF):							
(RTC) TransNet	\$ 1,899,073.01	0.16%	\$ 1,899,073.01	100.00%	\$ -	4.31%	244
(SANDAG)	121,878.56	0.01%	121,878.56	100.00%	-	4.31%	244
TOTAL LAIF	\$ 2,020,951.57	0.17%	\$ 2,020,951.57	100.00%	\$ -	4.58%	244
CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP):							
INDIVIDUAL PORTFOLIO:							
(RTC) TransNet Program Reserve	14,130,240.23	1.17%	14,482,645.58	102.49%	\$ 352,405.35	4.19%	137
TOTAL INDIVIDUAL PORTFOLIO	\$ 14,130,240.23	1.17%	\$ 14,482,645.58	102.49%	\$ 352,405.35	4.19%	137
CASH RESERVE PORTFOLIO:							
(ARJIS)	\$ 11,732,178.47	0.97%	\$ 11,732,178.47	100.00%	\$ -	4.47%	40
(RTC) 2008 Sales Tax Account - TransNet Extension	496,861,066.05	41.12%	496,861,066.05	100.00%	-	4.47%	40
(RTC) 2008 Cap Proj DSRF Release	19,597,981.95	1.62%	19,597,981.95	100.00%	-	4.47%	40
(RTC) 2010 Bond Series A - Interest	10,121,937.25	0.84%	10,121,937.25	100.00%	-	4.47%	40
(RTC) 2016 Bond Series A Principal	6,518,937.84	0.54%	6,518,937.84	100.00%	-	4.47%	40
(RTC) 2016 Bond Series A Interest	7,203,000.09	0.60%	7,203,000.09	100.00%	-	4.47%	40
(RTC) 2020 Bond Series A Principal	1,911,984.06	0.16%	1,911,984.06	100.00%	-	4.47%	40
(RTC) 2020 Bond Series A Interest	1,627,357.14	0.13%	1,627,357.14	100.00%	-	4.47%	40
(RTC) Wetland Mitigation TransNet Sales Tax	355,829.89	0.03%	355,829.89	100.00%	-	4.47%	40
(RTC) Sage Hill Endowment	1,002,811.16	0.08%	1,002,811.16	100.00%	-	4.47%	40
(RTC) TransNet Program Reserve	48,993,962.68	4.05%	48,993,962.68	100.00%	-	4.47%	40
(SANDAG) California Coastal Commission	379,812.36	0.03%	379,812.36	100.00%	-	4.47%	40
(SANDAG) Coronado Bridge Toll Funds	326,050.19	0.03%	326,050.19	100.00%	-	4.47%	40
(SANDAG) Shoreline Management	197,066.76	0.02%	197,066.76	100.00%	-	4.47%	40
(SANDAG) I-15 FasTrak®	13,749,273.55	1.14%	13,749,273.55	100.00%	-	4.47%	40
(SANDAG) SR 125	35,700,653.06	2.95%	35,700,653.06	100.00%	-	4.47%	40
(SANDAG) SR 125	47,766,805.50	3.95%	47,766,805.50	100.00%	-	4.47%	40
(SANDAG) SR 125	2,258,209.27	0.19%	2,258,209.27	100.00%	-	4.47%	40
(SANDAG) SR125 2017 A Debt Reserve Fund	21,513,399.32	1.78%	21,513,399.32	100.00%	-	4.47%	40

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
(SANDAG) SR125 2017 A Bond Interest	2,275,584.53	0.19%	2,275,584.53	100.00%	-	4.47%	40
(SANDAG) SR125 2017 A Bond Principal	4,611,507.54	0.38%	4,611,507.54	100.00%	-	4.47%	40
(SANDAG) SR125 2017A Bond Reserve Account	14,343,261.36	1.19%	14,343,261.36	100.00%	-	4.47%	40
(SANDAG) SR125 2017A Bond Toll Revenue Fund	6,730,132.44	0.56%	6,730,132.44	100.00%	-	4.47%	40
(SANDAG) SR125 2017A Bond Fastrak Customer Prepaid Fund	3,544,612.60	0.29%	3,544,612.60	100.00%	-	4.47%	40
TOTAL CASH RESERVE PORTFOLIO	\$ 759,323,415.06	62.84%	\$ 759,323,415.06	100.00%	\$ -	5.29%	40
TOTAL CAMP	\$ 825,373,541.19	64.01%	\$ 773,806,060.64	93.75%	\$ 352,405.35	5.27%	42
US BANK TRUST:							
Money Market - (RTC) 2010A Interest	\$ 0.46	0.00%	\$ 0.46	100.00%	\$ -	0.00%	1
Money Market - (RTC) 2019 Revenue Bond Series A Interest	5,118,337.10	0.42%	5,118,337.10	100.00%	-	3.80%	1
Money Market - (RTC) 2019 Bond Series A Principal	2,663.24	0.00%	2,663.24	100.00%	-	3.80%	1
Money Market - (RTC) 2020 Sales Tax REV Project	34.76	0.00%	34.76	100.00%	-	3.82%	1
Money Market - (RTC) 2021 Revenue Bond Series A Interest	1,493,362.50	0.12%	1,493,362.50	100.00%	-	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series A Principal	9,774,180.07	0.81%	9,774,180.07	100.00%	-	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series A COI	0.02	0.00%	0.02	100.00%	-	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series B Interest	2,921,966.29	0.24%	2,921,966.29	100.00%	-	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series B Project	45.38	0.00%	45.38	100.00%	-	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series B COI	0.01	0.00%	0.01	100.00%	-	3.95%	1
Money Market - (RTC) 2023 Sales Tax Revenue Bonds Series A Interest	10,500,854.11	0.87%	10,500,854.11	100.00%	-	3.95%	1
Money Market - (RTC) 2023 Sales Tax Revenue Bonds Series A Principal	21,957,299.43	1.82%	21,957,299.43	100.00%	-	3.95%	1
Money Market - (RTC) Bond 2021 Tifia Series Principal	3,439,133.94	0.28%	3,439,133.94	100.00%	-	3.95%	1
Money Market - (RTC) Commercial Paper Notes Series B Interest	18,521.87	0.00%	18,521.87	100.00%	-	3.80%	1
Money Market - (RTC) Commercial Paper Notes Series B Principal	200,838.66	0.02%	200,838.66	100.00%	-	3.80%	1
Money Market - (RTC) Commercial Paper Series B - NCTD Interest	209,708.82	0.02%	209,708.82	100.00%	-	0.00%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Escrow AC Account	0.08	0.00%	0.08	100.00%	-	4.23%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Reserve	38.31	0.00%	38.31	100.00%	-	3.95%	1
Money Market - (SANDAG) SR 125 2017 Bond Series A Principal	9.92	0.00%	9.92	100.00%	-	3.95%	1
Money Market - (SANDAG) SB Expressway 2017 Series A Maint Reserve	1.67	0.00%	1.67	100.00%	-	3.95%	1
Money Market - (SANDAG) SR 125 FasTrak Customer Prepaid Fund	6.16	0.00%	6.16	100.00%	-	0.00%	1
Certificates of Participation - (RTC) North County Transit District	16,350,000.00	1.35%	16,350,000.00	100.00%	-	2.68%	78
Capital Project Retention Accounts	3,723,252.99	0.31%	3,702,633.21	99.45%	(20,619.78)	N/A	1
TOTAL US BANK TRUST	\$ 75,710,255.79	6.27%	\$ 75,689,636.01	99.97%	\$ (20,619.78)	3.64%	18
US BANK:							
INDIVIDUAL PORTFOLIO:							
(RTC) TransNet Extension	\$ 241,646,128.11	20.00%	\$ 246,460,682.00	101.99%	\$ 4,814,553.89	4.35%	843
TOTAL INDIVIDUAL PORTFOLIO	\$ 241,646,128.11	20.00%	\$ 246,460,682.00	101.99%	\$ 4,814,553.89	4.35%	843
CASH RESERVE:							
(RTC) TransNet Extension	\$ 1,648,095.61	0.14%	1,648,095.61	100.00%	\$ -	0.00%	1
TOTAL CASH RESERVE	\$ 1,648,095.61	0.14%	\$ 1,648,095.61	100.00%	\$ -	0.00%	1
TOTAL US BANK	\$ 319,004,479.51	20.14%	\$ 248,108,777.61	77.78%	\$ 4,814,553.89	4.32%	837

SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND:

Institution / Account	Book Value	Percent of Portfolio	Market Value	Market Price	Unrealized Gain/(Loss)	Yield on Cost	Wtd Avg. Days to Maturity
San Diego County Treasurer's Pooled Money Fund - (ARJIS)	\$ 6,217.86	0.00%	6,217.86	100.00%	\$ -	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (RTC) TransNet Extension	111,214.92	0.01%	111,214.92	100.00%	-	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (RTC) 2020 Bonds	24.33	0.00%	24.33	100.00%	-	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (RTC) 2021 Bonds	31.77	0.00%	31.77	100.00%	-	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (SANDAG) I-15 FasTrak®	1,621,110.73	0.13%	1,621,110.73	100.00%	-	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (SANDAG) SAFE Program	8,734,018.37	0.72%	8,734,018.37	100.00%	-	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (SourcePoint)	199,214.12	0.02%	199,214.12	100.00%	-	3.80%	489
TOTAL SAN DIEGO COUNTY TREASURER'S POOLED MONEY FUND	\$ 10,671,832.10	0.88%	\$ 10,671,832.10	100.00%	\$ -	3.67%	489
JP MORGAN:							
(RTC) JPMorgan Prime Money Market Fund	22,724,378.00	1.88%	\$ 22,716,230.82	99.96%	\$ (8,147.18)	4.37%	31
(RTC) Morgan Stanley Institutional Liquidity Funds: Prime Portfolio	11,368,107.20	0.94%	11,368,106.44	100.00%	(0.76)	4.39%	31
TOTAL JP MORGAN	\$ 34,092,485.20	2.82%	\$ 34,084,337.26	99.98%	\$ (8,147.94)	4.38%	31
CALIFORNIA BANK AND TRUST:							
Capital Project Retention Accounts	\$ 642,232.12	0.05%	\$ 642,232.12	100.00%	\$ -	N/A	1
TOTAL CALIFORNIA BANK AND TRUST	\$ 642,232.12	0.05%	\$ 642,232.12	100.00%	\$ -	N/A	1
BANC OF CALIFORNIA:							
Capital Project Retention Accounts	\$ 754,837.85	0.06%	\$ 754,837.85	100.00%	\$ -	N/A	1
TOTAL BANC OF CALIFORNIA	\$ 754,837.85	0.06%	\$ 754,837.85	100.00%	\$ -	N/A	1
PRINCIPAL CUSTODY SOLUTIONS:							
(SANDAG) Section 115 Pension Trust	\$ 17,720,762.48	1.47%	\$ 17,313,215.44	97.70%	\$ (407,547.04)	2.73%	1
TOTAL PRINCIPAL CUSTODY SOLUTIONS	\$ 17,720,762.48	1.47%	\$ 17,313,215.44	97.70%	\$ (407,547.04)	2.73%	1
TOTAL	\$ 1,208,260,170.45	100.00%	\$ 1,212,990,814.93	100.39%	\$ 4,730,644.48	4.68%	205

Legend:

Automated Regional Justice Information System (ARJIS)
Commercial Paper (CP)
State of California Local Agency Investment Fund (LAIF)
North County Transit District (NCTD)
San Diego County Regional Transportation Commission (RTC)

SANDAG
Detail of Portfolio Balances (by Investment Type)
as of March 31, 2025

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
Cash and cash equivalents:											
Demand deposits:											
(ARJIS)	N/A	N/A	\$ 1,324,616.63	\$ 1,324,616.63	\$ -	N/A	NR	NR	NR	N/A	1
(RTC) TransNet Sales Tax	N/A	N/A	2,750,872.75	2,750,872.75	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Flexible Spending Acct (FSA)	N/A	N/A	19,618.47	19,618.47	-	N/A	NR	NR	NR	N/A	1
(SANDAG) General	N/A	N/A	27,873,083.81	27,873,083.81	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Interstate 15 (I-15) FasTrak®	N/A	N/A	4,212,806.28	4,212,806.28	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Refund Account Common	N/A	N/A	261,361.02	261,361.02	-	N/A	NR	NR	NR	N/A	1
(SANDAG) Revenue Account Common	N/A	N/A	2,493,770.60	2,493,770.60	-	N/A	NR	NR	NR	N/A	1
(SANDAG) SAFE Program Account	N/A	N/A	3,203,808.88	3,203,808.88	-	N/A	NR	NR	NR	N/A	1
(SANDAG) State Route 125 (SR-125) Collection Account	N/A	N/A	96,296.19	96,296.19	-	N/A	NR	NR	NR	N/A	1
(SANDAG) State Route 125 (SR-125) Payment Account	N/A	N/A	7,654,292.51	7,654,292.51	-	N/A	NR	NR	NR	N/A	1
(SourcePoint)	N/A	N/A	8,407.19	8,407.19	-	N/A	NR	NR	NR	N/A	1
Total demand deposits			\$ 49,898,934.33	\$ 49,898,934.33	\$ -	\$ -				N/A	1
Money market accounts and funds:											
CAMP Cash Reserve Portfolio - (ARJIS)	N/A	N/A	\$ 11,732,178.47	11,732,178.47	\$ -	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2008 Sales Tax	N/A	N/A	496,861,066.05	496,861,066.05	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2008 Cap Proj	N/A	N/A	19,597,981.95	19,597,981.95	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2010 Bond Series	N/A	N/A	10,121,937.25	10,121,937.25	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2016 Bond Series	N/A	N/A	6,518,937.84	6,518,937.84	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2016 Bond Series	N/A	N/A	7,203,000.09	7,203,000.09	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2020 Bond Series	N/A	N/A	1,911,984.06	1,911,984.06	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) 2020 Bond Series	N/A	N/A	1,627,357.14	1,627,357.14	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) Wetland Mitigation	N/A	N/A	355,829.89	355,829.89	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) Sage Hill Endowment	N/A	N/A	1,002,811.16	1,002,811.16	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (RTC) TransNet Program	N/A	N/A	48,993,962.68	48,993,962.68	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) California	N/A	N/A	379,812.36	379,812.36	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) Coronado	N/A	N/A	326,050.19	326,050.19	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) Shoreline	N/A	N/A	197,066.76	197,066.76	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) I-15 FasTrak	N/A	N/A	13,749,273.55	13,749,273.55	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	35,700,653.06	35,700,653.06	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	47,766,805.50	47,766,805.50	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR 125	N/A	N/A	2,258,209.27	2,258,209.27	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR125 201	N/A	N/A	21,513,399.32	21,513,399.32	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR125 201	N/A	N/A	2,275,584.53	2,275,584.53	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR125 201	N/A	N/A	4,611,507.54	4,611,507.54	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR125 201	N/A	N/A	14,343,261.36	14,343,261.36	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR125 201	N/A	N/A	6,730,132.44	6,730,132.44	-	N/A	AAAm	NR	NR	4.47%	40
CAMP Cash Reserve Portfolio - (SANDAG) SR125 201	N/A	N/A	3,544,612.60	3,544,612.60	-	N/A	AAAm	NR	NR	4.47%	40
Money Market - (RTC) 2010A Interest	N/A	N/A	0.46	0.46	-	N/A	AAAm	NR	NR	0.00%	1
Money Market - (RTC) 2019 Revenue Bond Series A In	N/A	N/A	5,118,337.10	5,118,337.10	-	N/A	NR	NR	NR	3.80%	1
Money Market - (RTC) 2019 Bond Series A Principal	N/A	N/A	2,663.24	2,663.24	-	N/A	NR	NR	NR	3.80%	1
Money Market - (RTC) 2020 Sales Tax REV Project	N/A	N/A	34.76	34.76	-	N/A	NR	NR	NR	3.82%	1
Money Market - (RTC) 2021 Revenue Bond Series A In	N/A	N/A	1,493,362.50	1,493,362.50	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series A Pr	N/A	N/A	9,774,180.07	9,774,180.07	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series A C	N/A	N/A	0.02	0.02	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series B In	N/A	N/A	2,921,966.29	2,921,966.29	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series B Pr	N/A	N/A	45.38	45.38	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) 2021 Revenue Bond Series B C	N/A	N/A	0.01	0.01	-	N/A	NR	NR	NR	3.95%	1

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
Money Market - (RTC) 2023 Sales Tax Revenue Bonds	N/A	N/A	10,500,854.11	10,500,854.11	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) 2023 Sales Tax Revenue Bonds	N/A	N/A	21,957,299.43	21,957,299.43	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) Bond 2021 Tifia Series Principa	N/A	N/A	3,439,133.94	3,439,133.94	-	N/A	NR	NR	NR	3.95%	1
Money Market - (RTC) Commercial Paper Notes Series	N/A	N/A	18,521.87	18,521.87	-	N/A	NR	NR	NR	3.80%	1
Money Market - (RTC) Commercial Paper Notes Series	N/A	N/A	200,838.66	200,838.66	-	N/A	NR	NR	NR	3.80%	1
Money Market - (RTC) Commercial Paper Series B - NC	N/A	N/A	209,708.82	209,708.82	-	N/A	NR	NR	NR	0.00%	1
Money Market - (SANDAG) Grant Receipt 2019 AB Es	N/A	N/A	0.08	0.08	-	N/A	NR	NR	NR	4.23%	1
Money Market - (SANDAG) SR 125 2017 Bond Series	N/A	N/A	38.31	38.31	-	N/A	NR	NR	NR	3.95%	1
Money Market - (SANDAG) SR 125 2017 Bond Series	N/A	N/A	9.92	9.92	-	N/A	NR	NR	NR	3.95%	1
Money Market - (SANDAG) SB Expressway 2017 Serie	N/A	N/A	1.67	1.67	-	N/A	NR	NR	NR	3.95%	1
Money Market - (SANDAG) SR 125 FasTrak Customer	N/A	N/A	6.16	6.16	-	N/A	NR	NR	NR	0.00%	1
Principal Custody Solutions - (SANDAG) Section 115 P	N/A	N/A	17,720,762.48	17,313,215.44	(407,547.04)	N/A	NR	NR	NR	2.73%	1
San Diego County Treasurer's Pooled Money Fund - (AF	N/A	N/A	6,217.86	6,217.86	-	N/A	NR	NR	AAAf / S1	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (R1	N/A	N/A	111,214.92	111,214.92	-	N/A	NR	NR	AAAf / S1	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (R1	N/A	N/A	24.33	24.33	-	N/A	NR	NR	AAAf / S1	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (R1	N/A	N/A	31.77	31.77	-	N/A	NR	NR	AAAf / S1	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (SA	N/A	N/A	1,621,110.73	1,621,110.73	-	N/A	NR	NR	AAAf / S1	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (SA	N/A	N/A	8,734,018.37	8,734,018.37	-	N/A	NR	NR	AAAf / S1	3.80%	489
San Diego County Treasurer's Pooled Money Fund - (So	N/A	N/A	199,214.12	199,214.12	-	N/A	NR	NR	AAAf / S1	3.80%	489
State of CA Local Agency Investment Fund (LAIF) - (R1	N/A	N/A	1,899,073.01	1,899,073.01	-	N/A	NR	NR	NR	4.31%	244
State of CA Local Agency Investment Fund (LAIF) - (S1	N/A	N/A	121,878.56	121,878.56	-	N/A	NR	NR	NR	4.31%	244
US Bank Cash Reserve Portfolio - (RTC) TransNet Exte	N/A	N/A	1,648,095.61	1,648,095.61	-	N/A	NR	NR	NR	0.00%	1
JP Morgan (RTC) JPMorgan Prime Money Market Fund	N/A	N/A	22,724,378.00	22,716,230.82	(8,147.18)	N/A	AAAm	Aaa-mf	AAAmmf	4.37%	31
JP Morgan (RTC) Morgan Stanley Institutional Liquidity	N/A	N/A	11,368,107.20	11,368,106.44	(0.76)	N/A	AAAm	Aaa-mf	AAAmmf	4.39%	31
Capital Project Retention Accounts - US Bank	N/A	N/A	3,723,252.99	3,702,633.21	(20,619.78)	N/A	NR	NR	NR	N/A	1
Capital Project Retention Accounts - CA Bank & Trust	N/A	N/A	642,232.12	642,232.12	-	N/A	NR	NR	NR	N/A	1
Capital Project Retention Accounts - Banc of California	N/A	N/A	754,837.85	754,837.85	-	N/A	NR	NR	NR	N/A	1
Total money market accounts and funds			\$ 886,234,867.78	\$ 885,798,553.02	\$ (436,314.76)	\$ -				4.38%	42
Total cash and cash equivalents			\$ 936,133,802.11	\$ 935,697,487.35	\$ (436,314.76)	N/A				4.38%	40

Investments:

U.S. Agencies:

FEDERAL FARM CREDIT BANK	11/6/2023	10/10/2025	\$ 6,114,274.00	\$ 6,126,840.00	\$ 12,566.00	\$ 6,100,000.00	AA+	Aaa	AA+	5.00%	193
FEDERAL FARM CREDIT BANK	2/6/2025	2/3/2026	6,194,280.07	6,201,984.00	7,703.93	6,200,000.00	-	Aaa	F1+	4.22%	309
FEDERAL FARM CREDIT BANK	1/2/2025	12/16/2026	6,186,484.00	6,216,430.00	29,946.00	6,200,000.00	AA+	Aaa	AA+	4.25%	625
FEDERAL FARM CREDIT BANK	3/25/2024	3/20/2029	5,961,786.00	6,021,840.00	60,054.00	6,000,000.00	AA+	Aaa	-	4.27%	1,450
FEDERAL HOME LOAN BANK	10/12/2023	9/11/2026	5,785,152.00	5,868,208.00	83,056.00	5,800,000.00	AA+	Aaa	-	4.97%	529
FEDERAL HOME LOAN BANK	4/1/2024	3/12/2027	5,893,893.50	5,962,953.00	69,059.50	5,900,000.00	AA+	Aaa	-	4.54%	711
FEDERAL HOME LOAN BANK	5/25/2023	9/10/2027	5,127,540.00	5,304,530.00	176,990.00	5,500,000.00	AA+	Aaa	-	4.12%	893
FEDERAL HOME LOAN BANK	3/10/2023	3/10/2028	5,294,796.00	5,284,240.00	(10,556.00)	5,200,000.00	AA+	Aaa	-	4.09%	1,075
FEDERAL HOME LOAN BANK	7/1/2024	11/24/2028	5,760,560.00	5,880,214.00	119,654.00	5,800,000.00	AA+	Aaa	-	4.52%	1,334
FEDERAL NATIONAL MORTGAGE	7/22/2024	10/8/2027	6,262,760.00	6,474,650.00	211,890.00	7,000,000.00	AA+	Aaa	AA+	4.31%	921
UNITED STATES TREASURY NOTE/BOND	4/6/2022	4/30/2025	4,657,812.50	4,984,300.00	326,487.50	5,000,000.00	AA+	Aaa	AA+	2.73%	30
UNITED STATES TREASURY NOTE/BOND	11/13/2023	7/31/2025	5,009,468.75	5,175,508.00	166,039.25	5,200,000.00	AA+	Aaa	AA+	5.14%	122
UNITED STATES TREASURY NOTE/BOND	1/29/2025	8/31/2025	5,749,269.43	5,764,678.00	15,408.57	5,800,000.00	AA+	Aaa	AA+	4.30%	153
UNITED STATES TREASURY NOTE/BOND	11/27/2023	9/30/2025	6,182,521.44	6,361,792.00	179,270.56	6,400,000.00	AA+	Aaa	AA+	4.96%	183
UNITED STATES TREASURY NOTE/BOND	6/23/2022	12/31/2025	5,184,328.13	5,544,105.00	359,776.87	5,700,000.00	AA+	Aaa	AA+	3.12%	275
UNITED STATES TREASURY NOTE/BOND	9/9/2024	3/31/2026	5,051,383.94	5,020,550.00	(30,833.94)	5,000,000.00	AA+	Aaa	AA+	3.81%	365
UNITED STATES TREASURY NOTE/BOND	12/26/2024	4/30/2026	5,946,567.31	5,993,128.00	46,560.69	6,100,000.00	AA+	Aaa	AA+	4.34%	395
UNITED STATES TREASURY NOTE/BOND	12/12/2024	5/15/2026	6,562,022.78	6,621,772.00	59,749.22	6,800,000.00	AA+	Aaa	AA+	4.20%	410
UNITED STATES TREASURY NOTE/BOND	8/2/2022	6/30/2026	4,909,332.03	5,099,819.00	190,486.97	5,300,000.00	AA+	Aaa	AA+	2.88%	456
UNITED STATES TREASURY NOTE/BOND	12/7/2022	11/15/2027	4,672,070.31	4,796,500.00	124,429.69	5,000,000.00	AA+	Aaa	AA+	3.72%	959
UNITED STATES TREASURY NOTE/BOND	4/3/2023	3/31/2028	3,582,200.90	3,704,520.00	122,319.10	4,000,000.00	AA+	Aaa	AA+	3.55%	1,096

Investment	Trade Date	Maturity Date	Book Value	Market Value	Unrealized Gain/(Loss)	Par Value	S&P Rating	Moody's Rating	Fitch Rating	Yield on Cost	Wtd. Avg. Days to Maturity
UNITED STATES TREASURY NOTE/BOND	10/27/2023	4/30/2028	4,738,493.31	4,942,400.00	203,906.69	5,000,000.00	AA+	Aaa	AA+	4.81%	1,126
UNITED STATES TREASURY NOTE/BOND	9/13/2023	6/30/2028	5,596,464.84	5,719,152.00	122,687.16	5,700,000.00	AA+	Aaa	AA+	4.42%	1,187
UNITED STATES TREASURY NOTE/BOND	8/29/2023	8/15/2028	4,837,921.66	4,842,236.00	4,314.34	4,600,000.00	AA+	Aaa	AA+	4.33%	1,233
UNITED STATES TREASURY NOTE/BOND	10/2/2023	9/30/2028	4,386,264.74	4,502,432.00	116,167.26	4,400,000.00	AA+	Aaa	AA+	4.70%	1,279
UNITED STATES TREASURY NOTE/BOND	2/14/2024	11/15/2028	5,995,110.95	6,133,617.00	138,506.05	6,300,000.00	AA+	Aaa	AA+	4.26%	1,325
UNITED STATES TREASURY NOTE/BOND	4/26/2024	12/31/2028	5,278,729.36	5,467,550.00	188,820.64	5,500,000.00	AA+	Aaa	AA+	4.72%	1,371
UNITED STATES TREASURY NOTE/BOND	12/2/2024	9/30/2029	6,624,909.16	6,681,173.00	56,263.84	6,700,000.00	AA+	Aaa	AA+	4.13%	1,644
US TREASURY NOTES	10/05/2022	08/15/2025	14,130,240.23	14,482,645.58	352,405.35	14,545,000.00	AA+	Aaa	AA+	4.19%	137
Total U.S. Agencies			\$ 167,676,637.34	\$ 171,179,766.58	\$ 3,503,129.24	\$ 172,745,000.00				4.25%	714
Corporate Medium Term Notes:											
AMAZON.COM INC	8/1/2023	5/12/2028	\$ 5,678,075.00	\$ 6,029,270.00	\$ 351,195.00	\$ 6,500,000.00	AA	A1	AA-	4.63%	1,138
AMERICAN HONDA FINANCE	3/17/2023	1/12/2028	4,926,068.00	4,924,843.00	(1,225.00)	4,900,000.00	A-	A3	A	4.57%	1,017
APPLE INC	12/15/2022	9/12/2027	2,559,816.00	2,625,210.00	65,394.00	2,700,000.00	AA+	Aaa	-	4.12%	895
BANK OF AMERICA CORP	10/20/2023	2/4/2028	3,974,265.00	4,341,285.00	367,020.00	4,500,000.00	A-	A1	AA-	6.56%	1,040
CHEVRON CORP	5/10/2022	5/11/2025	5,719,560.00	5,980,080.00	260,520.00	6,000,000.00	AA-	Aa2	-	3.20%	41
CITIBANK NA	1/19/2024	12/4/2026	6,597,370.00	6,609,655.00	12,285.00	6,500,000.00	A+	Aa3	A+	4.92%	613
CITIBANK NA	12/4/2023	9/29/2028	3,072,060.00	3,124,410.00	52,350.00	3,000,000.00	A+	Aa3	A+	5.23%	1,278
COCA-COLA CO/THE	4/20/2023	5/25/2027	3,357,025.00	3,417,715.00	60,690.00	3,500,000.00	A+	A1	-	3.99%	785
COLGATE-PALMOLIVE CO	4/3/2023	3/1/2028	3,604,160.00	3,563,630.00	(40,530.00)	3,500,000.00	A+	Aa3	-	3.93%	1,066
HOME DEPOT INC/THE	8/13/2024	6/25/2029	4,290,174.00	4,251,492.00	(38,682.00)	4,200,000.00	A	A2	A	4.26%	1,547
JOHN DEERE CAPITAL CORP	2/6/2023	1/20/2028	5,781,054.00	5,781,909.00	855.00	5,700,000.00	A	A1	A+	4.43%	1,025
MICROSOFT CORP	2/5/2024	2/6/2027	5,819,460.00	5,922,840.00	103,380.00	6,000,000.00	AAA	Aaa	-	4.38%	677
PEPSICO INC	5/31/2023	5/15/2028	2,626,208.00	2,619,968.00	(6,240.00)	2,600,000.00	A+	A1	-	4.22%	1,141
PFIZER INC	5/9/2024	3/15/2029	4,229,730.00	4,356,855.00	127,125.00	4,500,000.00	A	A2	-	4.86%	1,445
PNC BANK NA	7/20/2023	1/22/2028	2,760,870.00	2,907,180.00	146,310.00	3,000,000.00	A	A2	A+	5.27%	1,027
US BANCORP	2/1/2024	2/1/2029	4,927,750.00	5,003,050.00	75,300.00	5,000,000.00	A	A3	A	5.06%	1,403
Total Corporate Medium Notes			\$ 69,923,645.00	\$ 71,459,392.00	\$ 1,535,747.00	\$ 72,100,000.00				4.58%	970
Supra-National Agency Bond/Note:											
INTER-AMERICAN DEVELOPMENT BANK	5/22/2023	1/12/2028	\$ 7,035,070.00	\$ 7,004,200.00	(30,870.00)	\$ 7,000,000.00	AAA	Aaa	-	3.88%	1,017
INTER-AMERICAN DEVELOPMENT BANK	5/14/2024	7/5/2028	4,837,056.00	4,918,464.00	81,408.00	4,800,000.00	AAA	Aaa	-	4.61%	1,192
INT'L BANK FOR RECON AND DEVELOPMENT	1/10/2025	6/15/2027	6,303,960.00	6,381,505.00	77,545.00	6,500,000.00	AAA	Aaa	-	4.46%	806
Total Supra-National Agency Bond/Notes			\$ 18,176,086.00	\$ 18,304,169.00	\$ 128,083.00	\$ 18,300,000.00				4.28%	990
Certificates of Participation:											
(RTC) North County Transit District Certificates of Part	3/20/2025	6/17/2025	\$ 16,350,000.00	\$ 16,350,000.00	\$ -	\$ 16,350,000.00	NR	A1	NR	2.68%	78
Total Certificates of Participation			\$ 16,350,000.00	\$ 16,350,000.00	\$ -	\$ 16,350,000.00				2.68%	78
Total investments			\$ 272,126,368.34	\$ 277,293,327.58	\$ 5,166,959.24	\$ 279,495,000.00				4.24%	761
Total Portfolio:			\$ 1,208,260,170.45	\$ 1,212,990,814.93	\$ 4,730,644.48	N/A				5.31%	216

Legend:

Automated Regional Justice Information System (ARJIS)
Commercial Paper (CP)
State of California Local Agency Investment Fund (LAIF)
North County Transit District (NCTD)
San Diego County Regional Transportation Commission (RTC)

TransNet EXTENSION QUARTERLY REPORT

FISCAL YEAR: FY 2025 QUARTER: 3												
PROGRAM & RECIPIENT	TransNet Allocations					Fund Disbursements						
	Sales Tax Allocations			Other Income ¹	Total Allocation	Program Disbursements ²			Debt Service ³			Total Disbursements
	This Quarter	FY to Date	Program to Date	Program to Date	Program to Date	This Quarter	FY to Date	Program to Date	This Quarter	FY to Date	Program to Date	Program to Date
SANDAG Admin	\$2,225,568	\$6,458,518	\$66,377,724	\$256,773	\$66,634,497	\$(2,150,000)	\$(6,050,000)	\$(65,763,001)	\$0	\$0	\$0	\$(65,763,001)
ITOC	\$128,629	\$385,888	\$5,148,991	\$94,328	\$5,243,319	\$(80,306)	\$(248,710)	\$(4,739,082)	\$0	\$0	\$0	\$(4,739,082)
Bicycle/Pedestrian/Neighborhood Safety	\$2,225,568	\$6,458,518	\$101,049,943	\$4,592,819	\$105,642,762	\$(119,471)	\$(2,615,580)	\$(195,799,020)	\$(1,539,292)	\$(4,262,138)	\$(30,305,576)	\$(226,104,596)
Major Corridor Capital Projects	\$40,545,473	\$117,656,738	\$1,854,369,791	\$(183,665,505)	\$1,670,704,286	\$(583,795)	\$(13,021,520)	\$(3,001,646,333)	\$(24,324,213)	\$(78,126,634)	\$(1,405,940,190)	\$(4,407,586,523)
Major Corridor Project EMP	\$4,694,739	\$13,623,412	\$214,716,502	\$152,763,369	\$367,479,871	\$(346,812)	\$(746,493)	\$(433,166,604)	\$(3,771,939)	\$(12,029,157)	\$(253,296,477)	\$(686,463,081)
Local Project EMP	\$1,920,575	\$5,573,214	\$87,838,569	\$5,645,557	\$93,484,126	\$(45,595)	\$(119,111)	\$(23,736,288)	\$0	\$0	\$(54)	\$(23,736,342)
Smart Growth Incentive Program	\$2,240,671	\$6,502,083	\$102,478,331	\$8,160,156	\$110,638,487	\$222,114	\$(64,393)	\$(55,298,056)	\$0	\$0	\$0	\$(55,298,056)
Local Streets and Roads												
City of Carlsbad	\$1,263,237	\$3,666,000	\$52,482,127	\$12,675,187	\$65,157,314	\$(2,300,200)	\$(2,800,967)	\$(32,079,654)	\$0	\$0	\$0	\$(32,079,654)
City of Chula Vista	\$2,369,484	\$6,875,321	\$103,267,554	\$7,890,796	\$111,158,350	\$(4,836,276)	\$(6,044,723)	\$(79,241,773)	\$0	\$0	\$0	\$(79,241,773)
City of Coronado	\$207,490	\$603,183	\$10,195,380	\$1,328,504	\$11,523,884	\$(203,591)	\$(360,043)	\$(7,379,539)	\$0	\$0	\$0	\$(7,379,539)
City of Del Mar	\$68,746	\$200,674	\$3,518,713	\$251,009	\$3,769,722	\$(9)	\$(46)	\$(4,962,137)	\$(33,858)	\$(108,101)	\$(2,394,719)	\$(7,356,856)
City of El Cajon	\$917,423	\$2,662,763	\$41,810,533	\$3,811,756	\$45,622,289	\$(989,158)	\$(5,246,459)	\$(35,529,111)	\$0	\$0	\$0	\$(35,529,111)
City of Encinitas	\$609,123	\$1,768,356	\$28,819,526	\$4,769,598	\$33,589,124	\$(218,813)	\$(262,319)	\$(28,619,311)	\$0	\$0	\$0	\$(28,619,311)
City of Escondido	\$1,354,174	\$3,929,820	\$62,288,461	\$7,295,511	\$69,583,972	\$(1,160,214)	\$(3,371,038)	\$(55,104,044)	\$0	\$0	\$0	\$(55,104,044)
City of Imperial Beach	\$234,249	\$680,813	\$12,020,222	\$640,946	\$12,661,168	\$(53,022)	\$(846,170)	\$(12,269,010)	\$(59,284)	\$(226,158)	\$(1,666,075)	\$(13,935,085)
City of La Mesa	\$567,103	\$1,646,454	\$26,696,863	\$3,912,809	\$30,609,672	\$(768,655)	\$(1,722,596)	\$(24,818,407)	\$0	\$0	\$(4,605,159)	\$(29,423,566)
City of Lemon Grove	\$259,550	\$754,214	\$12,217,704	\$829,385	\$13,047,089	\$(40)	\$(281,572)	\$(10,245,523)	\$0	\$0	\$0	\$(10,245,523)
City of National City	\$524,348	\$1,522,417	\$24,329,390	\$2,205,181	\$26,534,571	\$(81)	\$(397)	\$(18,325,175)	\$0	\$0	\$(8,233,109)	\$(26,558,284)
City of Oceanside	\$1,620,804	\$4,703,336	\$78,248,219	\$10,339,610	\$88,587,829	\$(257)	\$(1,244)	\$(68,183,862)	\$0	\$0	\$(4,915,690)	\$(73,099,552)
City of Poway	\$538,171	\$1,562,518	\$25,716,866	\$1,696,261	\$27,413,127	\$(84)	\$(2,536,596)	\$(23,468,279)	\$0	\$0	\$0	\$(23,468,279)
City of San Diego	\$12,085,421	\$35,062,129	\$563,711,170	\$32,627,911	\$596,339,081	\$(11,112,222)	\$(30,519,798)	\$(573,579,814)	\$0	\$(741)	\$(1,733,139)	\$(575,312,953)
City of San Marcos	\$827,839	\$2,402,870	\$37,551,333	\$5,143,942	\$42,695,275	\$(130)	\$(3,278,658)	\$(36,835,781)	\$(228,594)	\$(552,954)	\$(9,194,299)	\$(46,030,080)
City of Santee	\$526,722	\$1,529,303	\$24,679,269	\$1,380,446	\$26,059,715	\$(1,400,582)	\$(1,400,898)	\$(28,135,631)	\$(206,121)	\$(598,945)	\$(15,435,843)	\$(43,571,474)
City of Solana Beach	\$145,497	\$423,337	\$7,411,033	\$719,602	\$8,130,635	\$(21)	\$(210,104)	\$(8,931,572)	\$(80,011)	\$(187,057)	\$(3,248,959)	\$(12,180,531)

FISCAL YEAR: FY 2025 QUARTER: 3												
PROGRAM & RECIPIENT	TransNet Allocations					Fund Disbursements						
	Sales Tax Allocations			Other Income ¹	Total Allocation	Program Disbursements ²			Debt Service ³			Total Disbursements
	This Quarter	FY to Date	Program to Date	Program to Date	Program to Date	This Quarter	FY to Date	Program to Date	This Quarter	FY to Date	Program to Date	Program to Date
City of Vista	\$858,850	\$2,492,836	\$39,781,103	\$4,517,299	\$44,298,402	\$(134)	\$(267,447)	\$(36,173,197)	\$0	\$0	\$0	\$(36,173,197)
San Diego County	\$6,071,066	\$17,613,943	\$265,311,400	\$26,409,408	\$291,720,808	\$(3,040,966)	\$(4,224,666)	\$(175,546,233)	\$(369,380)	\$(1,311,145)	\$(27,580,282)	\$(203,126,515)
Total Local Streets and Roads	\$31,049,297	\$90,100,287	\$1,420,056,866	\$128,445,161	\$1,548,502,027	\$(26,084,455)	\$(63,375,741)	\$(1,259,428,053)	\$(977,248)	\$(2,985,101)	\$(79,007,274)	\$(1,338,435,327)
Transit Services												
MTS	\$12,087,676	\$35,076,579	\$553,344,509	\$1,065,391	\$554,409,900	\$(11,552,134)	\$(30,469,025)	\$(549,966,211)	\$0	\$0	\$0	\$(549,966,211)
NCTD	\$4,945,425	\$14,350,862	\$225,673,800	\$434,687	\$226,108,487	\$(4,645,782)	\$(12,769,285)	\$(222,265,547)	\$(13,351)	\$(47,272)	\$(1,902,284)	\$(224,167,831)
Senior Grant Program	\$572,171	\$1,660,353	\$26,168,574	\$402,420	\$26,570,994	\$(56,005)	\$(397,885)	\$(23,266,681)	\$0	\$0	\$0	\$(23,266,681)
Total Transit Services	\$17,605,272	\$51,087,794	\$805,186,883	\$1,902,498	\$807,089,381	\$(16,253,921)	\$(43,636,195)	\$(795,498,439)	\$(13,351)	\$(47,272)	\$(1,902,284)	\$(797,400,723)
New Major Corridor Transit Operations	\$8,642,588	\$25,079,463	\$395,273,561	\$30,496,050	\$425,769,611	\$(2,848,349)	\$(23,449,930)	\$(287,742,019)	\$0	\$0	\$0	\$(287,742,019)
TOTAL TRANSNET EXTENSION	\$111,278,380	\$322,925,915	\$5,052,497,161	\$148,691,206	\$5,201,188,367	\$(48,290,590)	\$(153,327,673)	\$(6,122,816,895)	\$(30,626,043)	\$(97,450,302)	\$(1,770,451,855)	\$(7,893,268,750)

Commercial Paper Program Activity

PROGRAM & RECIPIENT	Commercial Paper Disbursements	
	FY to Date	Program to Date
City of National City	\$0	\$(4,500,000)
City of Santee	\$0	\$(3,950,000)
NCTD	\$0	\$(34,000,000)
City of Imperial Beach	\$(101,000)	\$(1,900,000)
City of San Diego	\$0	\$(26,167,000)
City of La Mesa	\$0	\$(4,500,000)
City of Oceanside	\$0	\$(4,790,000)
City of Del Mar	\$0	\$(704,000)
Major Corridor Capital Projects	\$0	\$(99,999,679)
Major Corridor Project EMP	\$0	\$(16,052,321)
Total CP Disbursements		

PROGRAM & RECIPIENT	Commercial Paper Program Availability			
	Prior Years	This Quarter	FY to Date	Program to Date
CP Program	\$100,000,000	\$0	\$0	\$100,000,000
NCTD	\$(17,750,000)	\$1,400,000	\$1,400,000	\$(16,350,000)
City of Oceanside	\$0	\$0	\$0	\$0
City of Imperial Beach	\$(796,000)	\$0	\$378,000	\$(418,000)
Major Corridor Capital Projects	\$0	\$0	\$0	\$0
Major Corridor Project EMP	\$0	\$0	\$0	\$0
CP Outstanding	\$(18,546,000)			\$(16,768,000)
CP AVAILABLE FOR ISSUANCE	\$81,454,000			\$83,232,000

Other Activity				
PROGRAM & RECIPIENT	Sales Tax Revenue Transfers for EMP Debt Service Payments			
	Prior Years	This Quarter	FY to Date	Program to Date
Major Corridor Capital Projects	\$(151,839,904)	\$0	\$0	\$(151,839,904)
Major Corridor Project EMP	\$196,594,147	\$(593,340)	\$(883,780)	\$195,710,367
Local Project EMP	\$(44,754,243)	\$593,340	\$883,780	\$(43,870,463)
Total Other Activity	\$0	\$0	\$0	\$0

2008 ABCD Sales Tax Revenue Bond Activity - \$600,000,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁴			
	Prior Years	This Quarter	FY to Date	Program to Date
San Diego County	\$16,893,500	\$0	\$0	\$16,893,500
Major Corridor Capital Projects	\$392,721,119	\$0	\$0	\$392,721,119
Major Corridor Project EMP	\$45,517,182	\$0	\$0	\$45,517,182
<i>Total 2008 Bond Disbursement</i>	\$455,131,801	\$0	\$0	\$455,131,801

2010 A Sales Tax Revenue Bond Activity - \$338,960,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁵			
	Prior Years	This Quarter	FY to Date	Program to Date
City of San Marcos	\$15,253,815	\$0	\$0	\$15,253,815
City of Solana Beach	\$5,515,065	\$0	\$0	\$5,515,065
Major Corridor Capital Projects	\$276,292,690	\$0	\$0	\$276,292,690
Major Corridor Project EMP	\$43,419,140	\$0	\$0	\$43,419,140
<i>Total 2010 A Bond Disbursement</i>	\$340,480,710	\$0	\$0	\$340,480,710

2010 B Sales Tax Revenue Bond Activity - \$11,040,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁵			
	Prior Years	This Quarter	FY to Date	Program to Date
City of National City	\$3,383,956	\$0	\$0	\$3,383,956
City of Santee	\$8,519,844	\$0	\$0	\$8,519,844
<i>Total 2010 B Bond Disbursement</i>	\$11,903,800	\$0	\$0	\$11,903,800

2020 A Sales Tax Revenue Bond Activity - 74,820,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Bike/Pedestrian	\$91,761,005	\$0	\$0	\$91,761,005
TOTAL TRANSNET EXTENSION	\$91,761,005	\$0	\$0	\$91,761,005

2021 B Sales Tax Revenue Bond Activity - \$116,150,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Major Corridor Capital Projects	131,143,976.00	\$0.00	\$0.00	\$131,143,976.00
<i>Total 2021 B Bond Disbursement</i>	131,143,976.00	\$0.00	\$0.00	\$131,143,976.00

2012 A Sales Tax Revenue Bond Activity - \$420,585,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ^{4,5,6}			
	Prior Years	This Quarter	FY to Date	Program to Date
San Diego County	\$5,706,500	\$0	\$0	\$5,706,500
Major Corridor Capital Projects	\$444,770,201	\$0	\$0	\$444,770,201
Major Corridor Project EMP	\$26,812,066	\$0	\$0	\$26,812,066
<i>Total 2012 A Bond</i>	\$477,288,767	\$0	\$0	\$477,288,767

2014 A Sales Tax Revenue Bond Activity - \$350,000,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ^{5,6}			
	Prior Years	This Quarter	FY to Date	Program to Date
City of Del Mar	\$3,518,350	\$0	\$0	\$3,518,350
City of San Marcos	\$1,152,611	\$0	\$0	\$1,152,611
City of Santee	\$4,938,727	\$0	\$0	\$5,397,979
Major Corridor Capital Projects	\$343,906,117	\$0	\$0	\$343,906,117
Major Corridor Project EMP	\$52,162,768	\$0	\$0	\$52,162,768
<i>Total 2014 A Bond Disbursement</i>	\$405,678,573	\$0	\$0	\$406,137,825

2016 A Sales Tax Revenue Bond Activity - \$325,000,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Bicycle/Pedestrian/Neighborhood Safety	\$31,224,192	\$0	\$0	\$31,224,192
Major Corridor Capital Projects	\$322,425,541	\$0	\$0	\$322,425,541
Major Corridor Project EMP	\$54,042,182	\$0	\$0	\$54,042,182
<i>Total 2016 A Bond Disbursement</i>	\$407,691,915	\$0	\$0	\$407,691,915

2018 A Sales Tax Revenue Bond Activity - \$537,480,000				
PROGRAM & RECIPIENT	Bond Proceeds Disbursements ⁶			
	Prior Years	This Quarter	FY to Date	Program to Date
Major Corridor Capital Projects	\$573,453,241	\$0	\$0	\$573,453,241
<i>Total 2018 A Bond Disbursement</i>	\$573,453,241	\$0	\$0	\$573,453,241

FOOTNOTES:

1. *Other income includes interest revenue, transfers from TransNet I, other non-sales tax revenue, and the one-time swap of Major Corridor Sales Tax Revenue (to LSI Cities and County) for ARRA funds.*
2. *Program Disbursements include payments to TransNet recipient agencies and program costs, including payments made for Early Action Projects in prior years, and return of funds.*
3. *Debt Service includes principal and interest payments, including debt payments beginning in March 2008 upon issuance of the 2008 ABCD Sales Tax Revenue Bonds, and other debt service costs net of interest earnings.*
4. *2008 Bond Proceeds have been fully disbursed, net of Reserve Requirement of \$17.1 million. The Program to Date total includes interest earnings. The 2008 Bonds were partially defeased with the issuance of the 2012 Bonds on June 14, 2012, thereby reducing the 2008 Bond Proceed Disbursement.*
5. *2010, 2012, 2014, 2016, 2018, 2020 and 2021 Bond Proceeds have been fully disbursed and the Program to Date includes interest earnings.*
6. *The 2012 Bond total includes a premium of \$55.8 million, the 2014 Bond total includes a premium of \$55.3 million, the 2016 Bond total includes a premium of \$78.8 million, the 2018 Bond includes a premium of \$31.6 million and the 2020 bond includes a premium of \$20 million.*
7. *On March 25, 2021 the Commission issued \$265.9 million in 2021AB bonds of which \$170 million was used to refund the 2014A bonds. The bonds were issued at a premium of \$36 million with \$130 million in project funds available to be used on Major Corridor projects. All project funds as of March 31, 2023 have been expended.*

Board of Directors

May 23, 2025

Approval of Contract Awards for the San Onofre to Pulgas Double Track Phase 2 Project and North Park/Mid-City Bikeways: University Bikeway Project

Overview

Solicitations valued at \$5 million or more are brought to the Board of Directors (Board) for approval prior to advertisement and again prior to contract award. There are two pending actions for the Board's consideration.

Key Considerations

1. San Onofre to Pulgas Double Track Phase 2 Project

SANDAG solicited bids from qualified and experienced bidders between November 5, 2024, and February 13, 2025, to construct the San Onofre to Pulgas Double Track Phase 2 Project. The engineer's estimate for this project is \$20,468,829.00.

The Invitation for Bid (IFB) for this Project contained the Base Bid and one (1) additive alternate. The scope of work for the Base Bid consists in general of grading, a new bridge, embankment, construction of drainage ditches, culverts, and retaining wall construction within the limits of MP 216.6 to MP 217.7 on a portion of the Los Angeles - San Diego - San Luis Obispo Rail Corridor commuter rail corridor within Camp Pendleton in San Diego County. The scope of work for the Additive Alternate includes the construction of 1.1 miles of second main track within the project limits. The Additive Alternate work will not be awarded with this agreement due to lack of funding; it may be included as a future phase of the project.

SANDAG received six (6) bids in response to the IFB (see bid summary below).

Action: Approve

The Board of Directors is asked to authorize the Chief Executive Officer to:

1. Award a contract to Reyes Construction, Inc., for the construction of the San Onofre to Pulgas Double Track Phase 2 Project.
2. Award a contract to Griffith Company for the construction of the North Park/Mid-City Bikeways: University Bikeway Project

Fiscal Impact:

Funding for the contracts will be derived from Capital Improvement Program, Project Nos. 1146600 and 1223081 respectively

Schedule/Scope Impact:

The selected contractor for the San Onofre to Pulgas Double Track Phase 2 Project will provide construction services to complete the project in the estimated 450 working days.

The selected contractor for the North Park/Mid-City Bikeways: University Bikeway Project will provide construction services to complete the project in the estimated 420 working days.

Name of Bidder	Amount Bid
Griffith Company (Non-Responsive)	Base Bid: \$22,076,380.00 Additive Alternate A: \$2,099,040.00 Total Bid: \$24,175,420.00
Reyes Construction, Inc.	Base Bid: \$22,386,411.00 Additive Alternate A: \$2,853,270.00 Total Bid: \$25,239,681.00
Flatiron West, Inc.	Base Bid: \$24,611,022.00

Name of Bidder	Amount Bid
	Additive Alternate A: \$2,263,992.00 Total Bid: \$26,875,014.00
Granite Construction Company (Non-Responsive)	Base Bid: \$26,854,321.00 Additive Alternate A: \$2,040,467.00 Total Bid: \$28,894,788.00
SEMA Construction, Inc. (Non-Responsive)	Base Bid: \$26,596,017.83 Additive Alternate A: \$2,475,009.14 Total Bid: \$29,071,026.97
Kiewit Infrastructure West Co. (Non-Responsive)	Base Bid: \$27,821,525.00 Additive Alternate A: \$1,831,475.00 Total Bid: \$29,653,000.00

The lowest responsive and responsible bidder is Reyes Construction, Inc. with a total bid amount of \$25,239,681.00. This amount is 23.31% over the engineer's estimate and has been evaluated in accordance with SANDAG's policies and procedures, which include an analysis and comparison of all bids received. The 23.31% difference between the engineer's estimate and final bid amount was due to project delays caused by a change in the funding source and inflation. The construction IFB for this Project was originally scheduled for release in May 2023. However, the state had no state funding to provide, so federal funding was added to fund the STIP portion of the Project. The addition of the FTA funds required the Project to go through the State Historic Preservation process which included tribal consultant work. This process took an additional year to complete. Additionally, the Project contains high risk factors in the areas of mobilization, drainage culvert work, and the bridge work; this was identified during the comparison of all bid amounts. For these reasons, the lowest responsive and responsible bid has been deemed fair and reasonable.

Staff recommends that the Board authorize the Chief Executive Officer to award the contract (Base Bid only) to Reyes Construction, Inc., the lowest responsive and responsible bidder. The total value of the contract will not exceed \$22,386,411.00 plus a 10% contingency of \$2,238,641.10 for a total of \$24,625,052.10.

2. North Park/Mid-City Bikeways: University Bikeway Project

SANDAG solicited bids from qualified and experienced bidders between March 4, 2025, and April 10, 2025, to construct the North Park/Mid-City Bikeways: University Bikeway Project. The engineer's estimate for this project is \$23,430,946.40

The Invitation for Bid (IFB) for this Project contained the Base Bid and one (1) additive alternate. The scope of work for the Base Bid consists of approximately 2.8 miles of Class II and Class IV bikeway along University Avenue between Estrella Avenue and 69th Street within the City of San Diego and approximately 0.25 miles of Bike Boulevard improvements on Estrella Avenue between Orange Avenue and University Avenue. Roadway improvements are required to accommodate the bikeway. Features include raised concrete medians, concrete curb & gutter, asphalt concrete dike, bus islands, a protected intersection, street lighting, traffic signal modifications and other traffic safety measures linked to signage and striping.

The scope of work for the Additive Alternate includes pavement rehabilitation and associated curb ramps, traffic signal modifications and other appurtenant work associated with rehabilitating the roadway along University Avenue. The work for this Additive Alternate will be fully funded by the City of San Diego.

SANDAG received six (6) bids in response to the IFB (see bid summary below).

Name of Bidder	Amount Bid
Griffith Company	Base Bid: \$20,837,587.00 Additive Alternate A: \$3,586,837.00 Total Bid: \$24,424,424.00
SEMA Construction, Inc. (Non-responsive)	Base Bid: \$21,503,780.20 Additive Alternate A: \$3,655,179.31 Total Bid: \$25,158,959.59
Reyes Construction, Inc.	Base Bid: \$21,434,472.00 Additive Alternate A: \$4,291,766.00 Total Bid: \$25,726,238.00
Dick Miller, Inc. (Non-responsive)	Base Bid: \$20,808,661.20 Additive Alternate A: \$5,191,351.00 Total Bid: \$26,000,012.20
Nationwide Contracting Services, Inc. dba Nationwide General Construction Services (Non-responsive)	Base Bid: \$22,088,908.80 Additive Alternate A: \$4,162,951.25 Total Bid: \$26,251,860.05
Palm Engineering Construction Company, Inc. (Non-responsive)	Base Bid: \$23,259,989.52 Additive Alternate A: \$6,022,233.00 Total Bid: \$29,282,222.52

The lowest responsive and responsible bidder is Griffith Company with a total bid amount of \$24,424,424.00. This amount is 4.24% over the engineer's estimate and has been evaluated in accordance with SANDAG's policies and procedures, which include an analysis and comparison of all bids received. Based on the bid comparison and the difference between the engineer's estimate and total bid amount being within ten percent (10%), the lowest responsive and responsible bid has been deemed fair and reasonable.

Staff recommends that the Board authorize the Chief Executive Officer to award the contract (Base Bid + Additive Alternate A) to Griffith Company, the lowest responsive and responsible bidder. The total value of the contract will not exceed \$24,424,424.00 plus a 10% contingency of \$2,442,442.40 for a total of \$26,866,866.40.

Next Steps

Pending approval by the Board, SANDAG will award the contracts to the firms noted in this report.

Kelly Mikhail, Director of Contracts and Procurement

SR 11/Otay Mesa East Port of Entry Project Update and Request to Procure Non-Intrusive Inspection Technology

Overview

The State Route 11 (SR 11)/Otay Mesa East Port of Entry (OME POE) project is a new, innovative border crossing being developed in the San Diego region. The facility will deploy state-of-the-art technology to provide secure, predictable, and efficient crossings for passenger and commercial vehicles. It will be the first U.S. land port of entry to use dynamic tolling to manage demand via dedicated access roads, integrated with advance technologies and intelligent transportation management systems to alleviate supply chain bottlenecks and deliver reliability, particularly critical for time-sensitive trips and cargo. The project is a joint venture between SANDAG and Caltrans, in collaboration with state and federal partners in the U.S. and Mexico.

Currently the design team is working with Customs and Border Protection (CBP) and other federal partners to determine the layout and features of the facility. As the Project approaches 95% design in the fall of this year, it is critical to begin procurement of long lead items, including Non-Intrusive Inspection (NII) technology. Pursuant to the Federal Project Agreement, which the Board authorized in January of this year, SANDAG agreed to procure certain scanning equipment for the OME POE. NII technology, used by CBP, improves the processing of vehicles and cargo by reducing the need for manual inspections.

Procurement of this vendor is key to completion of final project design because the supporting infrastructure must meet the vendor's unique specifications.

This report requests authorization from the Board of Directors to release the NII technology package solicitation. The \$56M package would be funded with \$36M from a Federal Highway Administration Infrastructure for Re building America (INFRA) grant and \$20M from a state Department of Transportation Trade Corridor Enhancement Program (TCEP) grant.

Project History

The SR 11/OME POE project has been in development since the early 2000s when Caltrans completed a Project Study Report (2003) and SANDAG first studied the economic impacts of border delays (2006 – since [updated 2020](#)). The study revealed that long wait times were resulting in severe economic losses for the region, state, and nation. The losses for the U.S. and Mexico were estimated to be equivalent to losing 18 Super Bowls and 5 Qualcomm companies each year. A 2008 Feasibility Study, done by the U.S. General Service Administration (GSA), showed that even with expansion of existing crossings, a

Action: Approve

Staff will present a project update and seek the Board of Directors' approval to authorize the Chief Executive Officer to release a solicitation for the Technology Systems and Equipment associated with the SR11/OME POE project.

Fiscal Impact:

Funding for the contract will be derived from Capital Improvement Program, Project No. 1201101.

An allocation of not-to-exceed \$56 million is designated for the technology systems and equipment to support the OME POE project. The proposed contract will be funded with \$36 million from a federal INFRA grant and \$20 million from a state TCEP grant awarded to the project.

Schedule/Scope Impact:

The anticipated duration for the awarded contract is 5 years with 2 optional years (7 years total). Approval of release of the solicitation will enable long lead items to be procured expeditiously and facilitate completion of project design.

new port was needed to meet future demand. Mitigating economic losses and building future capacity were major drivers to reserve the last remaining border-adjacent land in the County to serve as a relief valve for the other crossings.

The project was envisioned to be self-financed and self-sustaining. Dynamic tolls would be used to manage a 20-30-minute wait time while revenue could help fund the capital build, operations, and maintenance. In 2011 an MOU was signed with federal partners committing to work together on the project and in 2012 the environmental document and Project Report were completed.

In 2016 construction began on the surrounding transportation network. SANDAG and Caltrans sought to avoid challenges of the existing San Ysidro and Otay Mesa where local roads were not designed to handle traffic for international gateways. The agencies focused on building a right-sized and secure transportation network and over the next decade the roadways were completed as funding became available through state and federal grants and other funding sources. Use of Design Sequencing for construction of the freeway allowed segments to avail of specific funding opportunities and avoid cost increases due to inflation.

In 2024, Mexico's Ministry of Defense (SEDENA) completed construction of their complementary Port of Entry (Mesa de Otay II) and access road (an elevated exclusive highway). Figure 1 shows the construction periods of various segments of the SR 11/OME POE project and Table 1 shows past and future project milestones. Attachment 1 provides a list of past Board of Directors actions related to the project.

Figure 1. Project Map



Table 1. Project Milestones

Completed Project Milestone	Year
Project Study Report completed	2003
GSA Feasibility Study, Presidential Permit, passage of SB 1486 Otay Mesa Toll Facility Act	2008
CEQA and NEPA Environmental Clearance and Project Report	2012
Construction completed of northbound connectors from SR 905 to SR125 and SR 11 freeway to Enrico Firme	2016
Renewal of Presidential Permit and SANDAG BOD approval of Design Sequencing for design and construction of the freeway and connectors	2018
Construction completed of southbound freeway connectors from SR 125 to SR 11 and SR 905; construction of Enrico Firme Diverging Diamond Interchange and bridge at Alta Road; SANDAG awarded an Advanced	2021

Transportation and Congestion Management Technologies Deployment (ACMTD) grant to build a Regional Border Management System (RBMS) ¹	
Construction completed of westbound connector from SR 125 to SR 905	2022
MOU with GSA and CBP authorizes SANDAG to complete 30% design; construction of second segment of SR 11 to POE	2023
Utility relocations at POE site completed and new wet and dry utilities brought to site perimeter; MOU with federal partners to allow SANDAG to procure contractor and complete design; SANDAG BOD approves CM/GC delivery method and release of CM/GC procurement; Design workshops with Federal partners begin	2024
SANDAG BOD approves Federal Project Agreement, which outlines agreements relating to the POE's design, construction, commissioning, operation, ownership, management. Design workshops continued with federal partners; 65% design completed; SANDAG BOD approved award of CM/GC Pre-Construction Services Agreement; negotiations of Construction Services Agreement begin; Notice of request for obligation of funding for Technology Package at California Transportation Commission (CTC)	2025
Anticipated Project Milestones 2025	
Request SANDAG BOD approval to release NII Technology Package (May 23, 2025 – current action)	
Signing of Donation Acceptance Agreements with CBP and GSA (expected 2025)	
Open SR 11 to local traffic (estimated Fall 2025)	
Request SANDAG BOD to award the CM/GC Construction Services Agreement and first Work Package (estimated Fall 2025)	
Request SANDAG BOD to serve as Building Authority for project and request authorization to award Construction Management contract for the project (estimated Fall 2025)	

Delivery Method

To learn about technology deployment for a land port of entry, SANDAG solicited responses from the industry through a Request for Information (RFI). The RFI responses provided valuable insight into technology procurement best practices. Outreach was conducted with two vendor teams to learn about how CBP typically structures these procurements, and information was obtained along with technology design concepts that will be incorporated into the proposed solicitation.

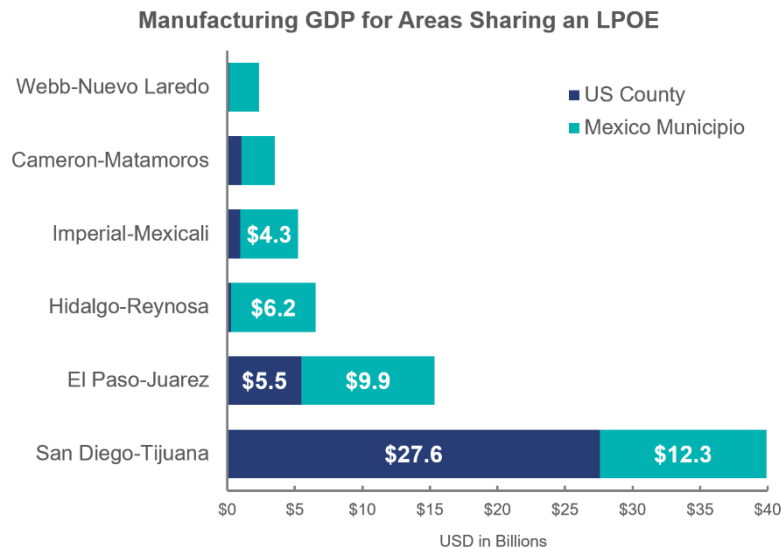
The selected vendor will furnish, install, integrate, and provide warranty services for the NII equipment. The vendor selection will be based on “best value,” which would include evaluation of the vendor’s experience, approach, team, and cost, among other criteria. SANDAG plans to include a CBP representative on the evaluation panel to select the vendor.

Economic Impact

The economic impact of the project for the region, state, and nation continues to be a driving force behind delivery of OME. The San Diego region is strategically located and the only region with land ports of entry that can readily access several marine ports (on the U.S. and Mexico sides) creating resilience and fluidity in U.S. trade corridors and the movement of U.S. manufactured goods to domestic and international markets.

San Diego is also a hub for manufacturing and Research and Development (R&D) that can readily deliver on investment to expand jobs and the U.S. economy – particularly for high-value goods like semiconductors, machinery, precision equipment, and electronics. The San Diego-Tijuana manufacturing center is more than double the size of any other along the U.S.-Mexico border. Combined GDP from the manufacturing sectors is \$40B, over 2.5x bigger than the next largest pair of border cities (see graph below). It offers the combination of a resilient multimodal and transborder network, with a deep pool of talent that businesses seek. Attachment 2 provides a brochure that details the business case for the new Port of Entry in San Diego.

¹ The RBMS will serve as the software ‘brain’ for border traffic systems and will integrate functions such as dynamic lane management, traveler information, border wait time estimation, and dynamic tolling.



In summary, the project will result in key benefits for the U.S. economy, including:

- Facilitate more than \$60 billion in cross-border trade annually
- Provide a relief valve for national supply chain bottleneck
- Support creation of nearly 50,000 U.S. jobs
- Supply U.S. market demand
- Attract new regional and national FDI to enhance and expand cutting edge manufacturing in fabrication, semiconductors, and bio-medical devices
- Attract more R&D, creating a dynamic advanced manufacturing cluster

Environmental Mitigation

The project design has incorporated a variety of mitigation measures to reduce overall impacts in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA). Mitigation efforts occurred off-site at different parcels of land acquired by Caltrans. More than 180 acres of land at Lonestar Canyon were acquired to mitigate impacts on natural communities. For wetlands and other waters, a streambed at Johnson Canyon that drains to Lonestar was restored and preserved. The site serves as a vernal pool habitat for Fairy Shrimp, Quino Checkerspot Butterfly, Burrowing Owl, Raptors, and Golden Eagles that functions as natural habitat in perpetuity. As segments of the freeway and port were designed, there were instances in which project design was altered directly in response to the presence of communities such as vernal pools and fairy shrimp basins. The site acquisition was coordinated with other development mitigation efforts, and together the sites formed contiguous open space habitat.

Under the supervision of a qualified biologist, the Otay Mesa population of burrowing owls were relocated from the project site through passive relocation (installation of one-way doors within the burrows) and are expected to repopulate the Lonestar mitigation site which will also support foraging for a pair of Golden Eagles at O'Neal Canyon. The primary goal is to create, restore, and preserve. Artificial burrows were created at a 5:1 ratio for each burrow impacted.

Mitigation applies not only to immediate conditions but future circumstances as well. A pattern of hotter temperatures and decreasing lifetime of rainfall will force the project design to take wildfires into account. In 2019, the Otay Mesa brush fire burned nearly 500 acres near the border and produced dangerous air quality which led to road and facility closures. In 2022, several fires occurred, one of which burned adjacent to Lonestar Canyon. As part of mitigation efforts, the OME POE will add an alternative route during disaster preparedness, response, and recovery efforts. Otay Mesa Fire Station #38 has been constructed near the project area and will be served by SR 11, increasing fire safety near the border.

Current Status

Timing of project delivery continues to be critical due to delays caused by protracted negotiations with the federal government, which culminated with the Board's approval of the Federal Project Agreement (signed January 2025) and the initiation of the CM/GC procurement process. Since then, a Contractor was selected for Pre-Construction Services and currently SANDAG is working expeditiously to finalize the Construction Services Agreement and negotiate the first Work Package with the CM/GC to ensure key funding deadlines are met.

A total of \$150 million in INFRA funds must be obligated by the deadline of September 30, 2025. Upon approval by the Board and the California Transportation Commission (scheduled for review and approval in June), \$36M of the INFRA grant will be allocated to any contract that the Board may authorize pursuant to the present procurement along with \$20M from the state Department of Transportation Trade Corridor Enhancement Program (TCEP) grant. The remaining \$114M of INFRA funds will be designated for the first construction Work Package, to be negotiated and potentially constructed with the CM/GC Contractor.

Next Steps

Pending approval by the Board, staff will advertise the solicitation this summer. Any contract proposed to be awarded from such solicitation will be brought to the Board for review and approval (anticipated fall 2025). After the award, the POE design can be finalized, enabling SANDAG to negotiate subsequent construction Work Packages with the CM/GC Contractor, which (along with the award of the Construction Services Agreement) will be brought to the Board for approval.

Maria Rodriguez Molina, Director of Mega Projects, Border and Goods Movement

- Attachments:
1. List of previous project-related BOD actions
 2. Project Brochure

**State Route 11/Otay Mesa East Port of Entry
SANDAG Board of Directors Items/Actions
2000-2025**

- On September 8, 2006, the Board of Directors approved **The Draft Regional Goods Movement Action Plan**. The Otay Mesa East Port of Entry Project was identified among the freight infrastructure improvement projects in the San Diego region Goods Movement Action Plan.
- On September 22, 2006, The Board of Directors approved the **Otay Mesa-Mesa de Otay Binational Corridor Early Action Plan** for planning purposes.
- On July 27, 2007, The Board of Directors approved the **funding strategy for implementing key regional goods movement projects through the Trade Corridors Improvement Fund**.
- On June 27, 2008, Caltrans staff presented a status report on key development activities and milestones for the **State Route 11 freeway and Otay Mesa East Port of Entry project**.
- On October 23, 2009, the Board of Directors approved **Proposed State Route 11/Otay Mesa East Port of Entry Financial Strategy**.
- On May 28, 2010, the Board of Directors failed to concur with the staff's recommendation to **complete negotiations with Goldman Sachs as the potential investment banker for the SR 11/Otay Mesa East Port of Entry project**.
- On December 17, 2010, SANDAG and Caltrans staff presented an update on Caltrans' release of the **draft environmental document for the State Route 11 and Otay Mesa East Port of Entry project**.
- On July 27, 2012, the Board of Directors approved **State Route 11/Otay Mesa East Port of Entry Proposed Implementation Strategy**.
- On February 28, 2014, the Board of Directors approved the proposed **budget amendment to the FY 2014 Program Budget to add \$800,000 for the right-of-way phase of the State Route 905/125/11 Connectors Project**.
- On January 9, 2015, SANDAG and Caltrans staff presented an update on **Grade Traffic and Revenue Study and a draft Concept of Operations** for State Route 11/Otay Mesa East Port of Entry project.
- On July 28, 2017, the Board of Directors approved the **Proposed FY 2018 Program Budget Amendment for SR 11 and Otay Mesa East Port of Entry**.
- On March 23, 2018, the Board of Directors approved the **Proposed FY 2018 Program Budget Amendment for SR 11 and Otay Mesa East Port of Entry**.
- On June 22, 2018, the Board of Directors adopted the **Proposed Use of Design Sequencing for the SR 11 Otay Mesa East Port of Entry Project**.

- On March 22, 2019, Caltrans staff presented an update on the **State Route 11/Otay Mesa East Port of Entry Project**.
- February 12, 2021: **Proposed FY 2021 Program Budget Amendment: Otay Mesa East Port of Entry (Approve)*** *This item was pulled from consent and presented out of order. Mario Orso, Caltrans, presented the item. Action: Upon a motion by Mayor Sotelo-Solis, and a second by Mayor Salas, the Board of Directors voted on the Transportation Committee recommendation to approve an amendment to the FY 2021 Program Budget, accepting \$42.52 million of state Trade Corridor Enhancement Program funds and transferring \$2.6 million from the existing State Route 11 (SR 11) and Otay Mesa Port of Entry: Segment 2A and SR 905/125/11 Connectors and SR 125/905 Southbound to Westbound Connector projects (Capital Improvement Program Nos. 1201103 and 1390506) to the SR 11 and Otay Mesa East Port of Entry project (Capital Improvement Program No. 1201101). **The motion passed.**
- June 11, 2021: Crossborder Transportation: Impacts of Border Delays and State Route 11/Otay Mesa East Port of Entry Update (Information) An overview and highlights of the Impacts of Border Delays at California–Baja California Land Ports of Entry study and an update on the State Route 11/Otay Mesa East Port of Entry Corridor Program was presented. There were no public comments on this item. **Action: Information only.**
- January 14, 2022: **Proposed FY 2022 Program Budget Amendment: Otay Mesa East Port of Entry (Adopt)** Mario Orso and Nikki Tiongco, Caltrans, presented the item. Action: Upon a motion by Vice Chair Gloria and a second by Mayor Dedina, the Board voted to approve the Transportation Committee recommendation to approve an amendment to the FY 2022 Program Budget, accepting \$24.9 million of Surface Transportation Block Grant Program/Coordinated Border Infrastructure funds to construct the State Route 11 and Otay Mesa East Port of Entry project (Capital Improvement Program No. 1201101). **The motion passed.**
- June 24, 2022: **Otay Mesa East Port of Entry: Proposed FY 2023 Program Budget Amendment** Mario Orso, Caltrans, presented the item. Upon a motion by Mayor Heebner and a second by Vice Mayor Shu, the Board of Directors voted to approve an amendment to the FY 2023 Program Budget accepting \$10.8 million of Surface Transportation Block Grant Program/Coordinated Border Infrastructure funds for the site preparation for the State Route 11 and Otay Mesa East Port of Entry project (Capital Improvement Program Project No. 1201101) pending approval by the California Transportation Commission at its June 29-30, 2022, meeting. **The motion passed.**
- October 14, 2022: **Otay Mesa East Port of Entry: Financing Strategy Update and Toll Revenue Sharing Agreement (Adopt)** Acting Borders Committee Chair Bill Sandke (South County) introduced the item. Action: Upon a motion by Vice Chair Gloria and a second by Supervisor Vargas, the Board of Directors voted to adopt Resolution No. 2023-05, approving and authorizing the execution and delivery of the Toll Revenue Sharing Agreement with Mexico's Ministry of Infrastructure, Communications, and Transportation. **The motion passed.**
- June 23, 2023: **Otay Mesa East Port of Entry Project Update** Senior Regional Planner Andrea Hoff, and Mario Orso and Nikki Tiongco, Caltrans; presented an update on the Otay Mesa East Port of Entry project.
- July 28, 2023: 7A. **Proposed FY 2024 Program Budget Amendments: SR 11 / Otay Mesa East Port of Entry and Harbor Drive 2.0 / Vesta Bridge** The Transportation Committee

recommended that the Board of Directors approve the allocation of \$140,000,000 in Trade Corridor Enhancement Program Funds for the SR 11 / Otay Mesa East Port of Entry Project (FY 2024 Capital Improvement Program Project No. 1201101) and the allocation of \$18,500,000 for Harbor Drive 2.0 / Vesta Bridge (FY 2024 Capital Improvement Program Project No. 1148000).

- October 27, 2023: **11. Otay Mesa East Port of Entry Project: Proposed Construction Delivery Method.** The Transportation Committee recommended that the Board of Directors adopt Resolution No. 2024-11, authorizing the use of the Construction Manager/General Contractor (CMGC) construction delivery method for the Otay Mesa East Port of Entry project. **The motion passed.**
- May 10, 2024: **7. SR 11/Otay Mesa East Port of Entry Project Update:** Status of Agreements Senior Legal Counsel Betsy Blake, Project Development Program Manager Maria Rodriguez Molina, and Nikki Tiongco, Caltrans presented information about the Otay Mesa East Port of Entry Federal Project Agreement, including the current status of negotiations and agreement terms, the pending binational tolling and revenue agreements, and an update on design and construction activities on both sides of the border. **Action: Information.**
- June 28, 2024: **Approval of Proposed Solicitation: Otay Mesa East Port of Entry Project and Proposed Evaluation Criteria for Construction Manager/General Contractor Procurement** The Board of Directors was asked to authorize the Chief Executive Officer to conduct a solicitation for the Otay Mesa East Port of Entry Project Construction Manager/General Contractor Services and approve the proposed evaluation criteria. **The motion passed.**
- July 12, 2024: **State Route 11/Otay Mesa East Port of Entry Agreements** The Borders Committee recommended that the Board of Directors approve the Binational Agreements for State Route 11/Otay Mesa East Port of Entry. Action: Upon a motion by Councilmember Fisher, and a second by Councilmember Duncan, the Board voted to direct the CEO develop a temporary working group to address environmental concerns, including but not limited to transborder sewage issues in the border region, and to adopt Resolution No. 2024-32, approving the Binational Agreements for State Route 11/Otay Mesa East Port of Entry. **The motion passed.**
- November 8, 2024: **Approval of Proposed Solicitation for Project Management Consultant Services for State Route 11/Otay Mesa East Port of Entry Project** The Board of Directors was asked to authorize the Chief Executive Officer to conduct a solicitation for Project Management Consultant Services for State Route 11/Otay Mesa East Port of Entry Project. **The motion passed.**
- November 22, 2024: **State Route 11 / Otay Mesa East Update** Director of Mega Projects, Border, and Goods Movement Maria Rodriguez Molina presented an update on the Otay Mesa East Port of Entry project including the toll revenue legal and financial parameters.
- January 10, 2025: **Otay Mesa East Federal Project Agreement** The Board of Directors was asked to adopt Resolution No. 2025-09, approving and authorizing the execution and delivery of the Federal Project Agreement, related future amendment to support Project Phasing, and related Donation Acceptance Agreements with Caltrans, U.S. General Services Administration, and U.S. Customs and Border Protection. Upon a motion by Mayor Heebner and a second by Councilmember Dillard, the Board of Directors voted to approve the staff recommendations. **The motion passed.**

- February 28, 2025: **Approval of Proposed Solicitation for Construction Management (CM) Services and Contract Award for Project Management Consultant (PMC) Services for Route 11/Otay Mesa East Port of Entry Project** The Board of Directors was asked to authorize the Chief Executive Officer to conduct the solicitation and award a contract as outlined in the report. Action: Upon a motion by Mayor Sanchez and a second by Vice Chair LaCava, the Board of Directors voted to authorize the Chief Executive Officer to conduct the solicitation for Construction Management Services as outlined in the report. **The motion passed.**

The background of the slide is an aerial photograph of the Otay Mesa East port site, overlaid with a blue-to-teal gradient. The image shows various industrial buildings, parking lots, and roadways.

OTAY MESA EAST

The Business Case for an Innovative New Port of Entry

The San Diego Association of Governments (SANDAG), in partnership with Caltrans, is leading the delivery of Otay Mesa East, an innovative new land port of entry between the U.S. and Mexico. This facility is purpose built, deploying state-of-the-art technology to provide fast, predictable, and secure crossings. It will be the first U.S. land port of entry to use dynamic tolling to manage demand via tolled approach roads and an intelligent transportation system to alleviate supply chain bottlenecks and deliver reliability, particularly critical for time-sensitive trips and cargo.



Why Build a New Port of Entry in the San Diego region?

The project is located in San Diego County which has some of the busiest and most economically significant border crossings in the country. **Along our southern border, the existing Otay Mesa Port of Entry is the second busiest land border crossing in number of trucks and the third largest in value.**

The region plays an integral role in the flow of trade with Mexico, our largest trade partner. Since 2018, Mexico has grown in importance to American businesses, accounting for 16% of U.S. trade with the world (imports and exports, measured value). For decades, U.S. businesses have built supply chains, and more recently vertically integrating operations, to leverage the relative cost competitiveness of labor and speed of delivery that Mexico has to offer. Underscoring these advantages, the Otay Mesa East Port of Entry will sit in a binational manufacturing center that is more than double the size of any other U.S. border region along the U.S.-Mexico border.

In addition to supporting U.S. manufacturers, the project will provide resilience and fluidity in U.S. trade corridors and the movement of U.S.-manufactured goods to domestic and international markets. The San Diego region is strategically located to enhance the flow of U.S. exports to the international market. **It is the only region with land ports of entry with access to several marine ports (on the U.S. and Mexico sides).**

Business and Foreign Direct Investment (FDI) will flow to areas that offer certainty, repeatability and dependability. With Otay Mesa East, the region offers the combination of a resilient multimodal, transborder network, the potential to grow as they grow, and manufacturing and Research and Development (R&D) talent. It has manufacturing clusters that are prepared to handle investment and growth that promotes the national economy.

Existing Ports of Entry

The San Diego region is one of the most active border-crossing regions in the world. Between the existing San Ysidro and Otay Mesa Land Ports of Entry, more than 120,000 people and 2,900 commercial vehicles cross northbound daily.

Although the U.S. and Mexico continue to improve existing border infrastructure, increasing demands on border crossings in the San Diego-Baja California region are impeding economic opportunity and costing billions of dollars annually in foregone economic output. The most impacted are manufacturing, logistics, R&D, and other technology and innovation-focused sectors.

Otay Mesa East – An Innovative New Land Port of Entry

The State Route 11 (SR 11)/Otay Mesa East Port of Entry project will use innovative technologies to deliver a 20-30-minute average wait time, delivering the reliability businesses are looking for, bolstering the regional and national economies, and generating revenue through user fees to reduce reliance on tax payer dollars.

Key project features:

- **State-of-the-art security:** The facility is designed to ensure security and reliability through the use of Non-Intrusive Inspection (NII) technology and weigh-in-motion scales to facilitate throughput and security.
- **Dynamic tolling system:** A single and seamless Back Office System (BOS) and fully integrated Roadway Toll Collection System (RTCS) with electronic toll collection of user fees.
- **Enhanced flexibility and longevity:** The master plan allows for expansion of up to 25 passenger lanes and 20 commercial vehicle lanes to accommodate anticipated growth.
- **Unmatched design standards:** The facility contains a Vehicle Enforcement Facility with dedicated space for the Federal Motor Carrier Safety Administration (FMCSA) in accordance with the Federal Project Agreement signed with GSA and CBP in January 2025.

Key performance targets for the facility:

- **Security:** Efficiently inspect 100% of vehicles and cargo.
- **User fee model:** Dynamic tolling to reliably provide crossing times under 30 minutes.
- **Revenue collection:** Primary and secondary/redundant read points to ensure toll collection.
- **Reliability:** Real time monitoring of conditions at multiple ports of entry to adjust pricing and guarantee crossing times.
- **Operations and maintenance:** Enhance CBP staffing through technology.

Key benefits for the U.S. economy:

- Facilitate more than \$60 billion in cross-border trade annually
- Provide relief valve for national supply chain bottleneck
- Supply U.S. market demand
- Attract new regional and national FDI to enhance and expand cutting edge manufacturing in fabrication, semiconductors, and bio-medical devices
- Attract more R&D, creating a dynamic advanced manufacturing cluster
- Support creation of nearly 50,000 U.S. jobs
- Create opportunity for additional revenue generating activities and economic development on adjacent properties





Project Status

The SR 11/Otag Mesa East Port of Entry project is currently in the design and early construction phase. The INFRA Grant Agreement has been executed and \$150 million has been obligated for project construction. Mass grading activities for the project site are underway along with the implementation of a Regional Border Management System. Caltrans completed construction of the new SR 11, which terminates at the future Otag Mesa East Port of Entry.

Mexico has already completed construction of their port of entry and access road facilities.

Project Support

Federal, state, and local funds have been secured to construct the roadway facilities leading to the Otag Mesa East Port of Entry and acquire right-of-way for the site, including \$592 million received to date. Project has already secured over half of the funds needed to deliver the project. Revenue generated from the user fees will be used to repay construction loans and support operations and maintenance of the facility, making the project financially sustainable.

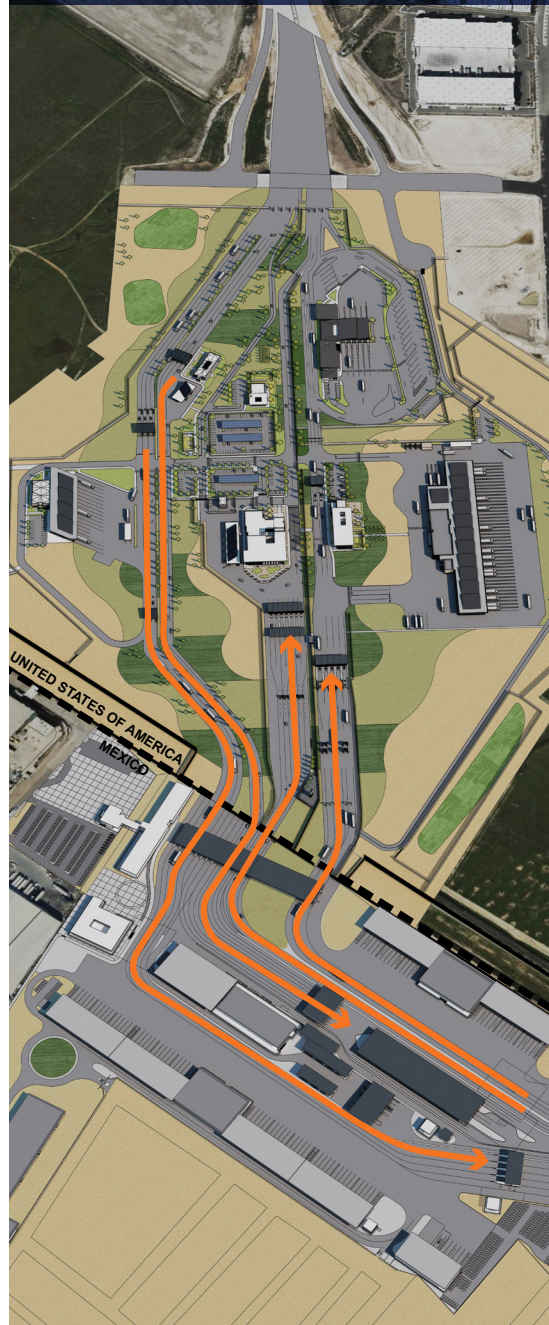
What Project Sponsors are Providing Federal Partners:

- 90+ acres of federal land port of entry facility
- 7+ acres land donation for support facilities
- \$1.1 billion contribution towards operation and maintenance and repair and replace costs for the port of entry facility and technology
- \$560 million for a modernization fund to rebuild a new port of entry facility at year 40

Remaining Project Need:

- Annual appropriations request for CBP staffing for facility
- Capital Donation Acceptance Agreement to receive unconditional gift from project sponsors
- Ongoing collaboration and advocacy to get project built and operational

Total Cost: **\$1.3 billion**
Phase I Opening Date: **2027**





SR 11 / OTAY MESA EAST

PORT OF ENTRY

Board of Directors | Item 8
Maria Rodriguez Molina, Director of Mega Projects, Border, and Goods Movement
May 23, 2025

Presentation Summary

- Overview
- Project History
- Economic Benefits
- Current Status and Next Steps
- Rendering Walk Through

Overview

- Joint venture between SANDAG and Caltrans in collaboration with state and federal partners from U.S. and Mexico
- Planned to deliver a 21st-century international border crossing
- Goal to increase security, optimize processing and reduce border wait times
- 120-acre site owned by State of California
- POE land to be donated to GSA through a Donation Acceptance Agreement;
- CVEF will remain on state-owned land
- Project delivery method is Construction Manager/General Contractor (CM/GC)



SANDAG | **Caltrans** | 3

Overview

- Request to release solicitation for Non-Intrusive Inspection (NII) equipment.
 - \$36M of INFRA grant funds
 - \$20M of TCEP grant funds
- Timing critical to procure long lead items - supporting infrastructure must be built to vendor's unique specifications.
- NII will increase security and improve efficiency in processing of vehicles and cargo.



SANDAG | **Caltrans** | 4

Project History

SANDAG | Caltrans | 5

Delivery Method

- Request for Information sent out to industry to gather insights and best practices
- Outreach with vendor teams to learn about CBP procurements and technology design.
- Vendor to furnish, install, integrate, and provide warranty services for technology.
- Selection based on “best value” – evaluates experience, approach, team, and cost.
- Include CBP representative on vendor evaluation panel.



SANDAG | Caltrans | 6

Economic Impact

- San Diego region is home to two of the busiest land ports of entry on the U.S.-Mexico border
- San Ysidro is the busiest along our southern border and fourth busiest in the world!
 - More than 70,000 vehicles and 20,000 pedestrians cross each day through San Ysidro
- Otay Mesa is the third busiest commercial port along the southern border
 - facilitates more than \$60 Billion in cross border trade and close to 1 million trucks each year
 - Nearly 4,000 trucks and 200,000 people cross at Otay Mesa each day

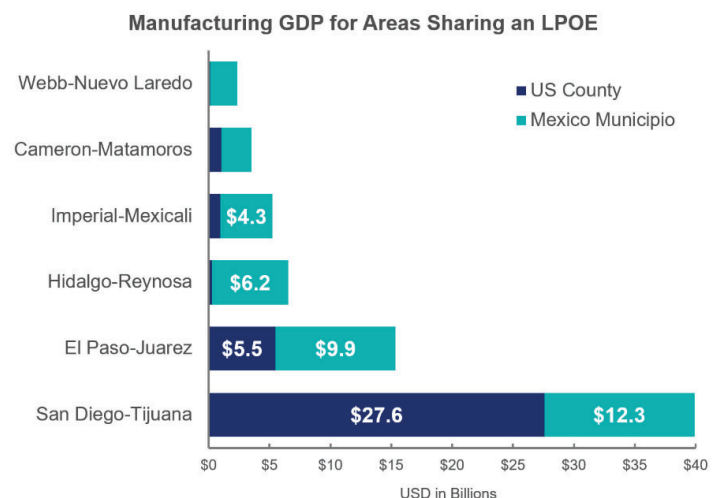


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Economic Impact – Why a New POE in San Diego?

The San Diego region is:

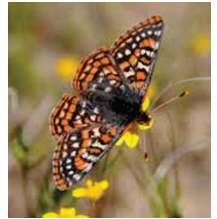
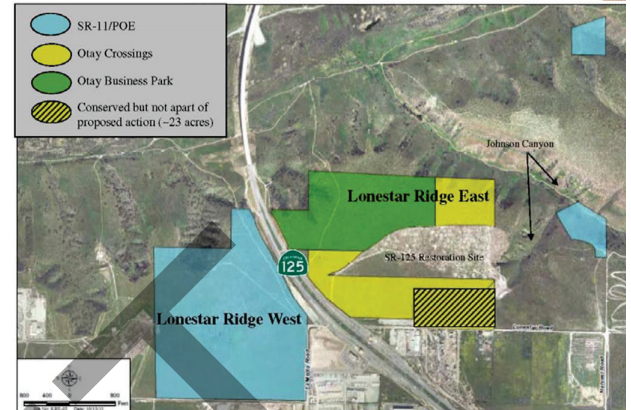
- Strategically located
 - only region with land ports next to marine ports
 - facilitates movement of U.S. manufactured goods to domestic and international markets
- Manufacturing and R&D hub
 - high-value goods like semiconductors, machinery, precision equipment, electronics.
- Manufacturing center is more than double the size of any other along the U.S.-Mexico border.



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Environmental Mitigation

- Completed mitigation measures to reduce overall impacts in accordance with NEPA and CEQA.
- 180+ acres of land at Lonestar Canyon acquired to mitigate impacts on natural communities.
- Streambed at Johnson Canyon that drains to Lonestar was restored and preserved
- The site is vernal pool habitat for Fairy Shrimp, Quino Checkerspot Butterflies, Burrowing Owls, Raptors, and Golden Eagles.
- The site acquisition was coordinated with other mitigation efforts, and together the sites formed network of open space habitat.



SANDAG | Caltrans | 9

Environmental Mitigation



SANDAG | Caltrans | 10

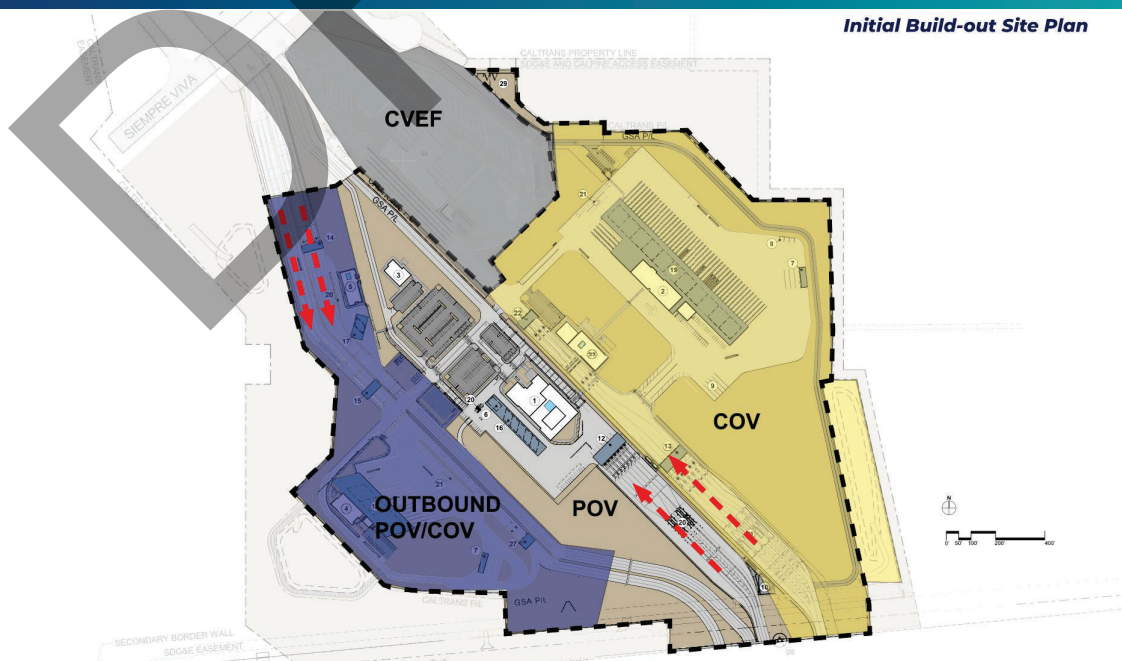
Current Status and Next Steps

- After execution of Federal Project Agreement in January 2025, contractor selected for Pre-Construction Services.
- Staff finalizing Construction Services Agreement and negotiating first Work Package with CM/GC to meet funding deadlines.
- **\$150M in INFRA funds must be obligated by September 30, 2025.**
- Upon approval by Board and CTC, \$32M of the grant will be allocated to technology and equipment and remaining \$114M for first Work Package to be negotiated and potentially constructed with CM/GC Contractor.



SANDAG | **Caltrans** | 11

Initial Build-Out Concept



Initial Build-out Site Plan

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Passenger Vehicles Northbound

- Seven Primary Inspection Lanes
- Main Building and Head House
- Secondary Inspection with 20 bays



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Passenger Vehicles Southbound

- Four Primary Inspection Lanes
- Outbound Support Building
- Commercial Inspection Building with 16 dock bays



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Commercial Vehicles Northbound

- Five Primary Inspection Lanes
- Commercial Inspection Building with 48 dock bays
- Commercial Operations Building



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Commercial Vehicles Northbound



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Commercial Inspection Building



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Commercial Operations



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Commercial Vehicles Southbound

- Three (3) COV Primary Inspection Lanes
- Outbound Support Building
- Commercial Inspection Building with sixteen (16) dock bays



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Commercial Vehicle Enforcement Facility (CVEF)



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FY 2024 Annual Comprehensive Financial Report and Other Financial and Compliance Matters

Overview

The independent certified public accounting firm of Davis Farr LLP has concluded the annual financial audit of SANDAG for the fiscal year ended June 30, 2024. The Annual Comprehensive Financial Report (ACFR) can be downloaded at sandag.org/FY24ACFR.

In addition to the ACFR, Davis Farr LLP issued the reports of other annual financial audits of SANDAG for the fiscal year ended June 30, 2024. The Transportation Development Act (TDA) audits, SANDAG Single Audit Report, SANDAG Agreed-Upon Procedures Performed (AUP) with Respect to the National Transit Database (NTD) Report are provided as attachments to this report. Upon request of the Independent Taxpayer Oversight Committee (ITOC), Davis Farr also prepares fiscal and compliance audits of agencies receiving TransNet funds. The initial findings for the TransNet audits have been provided to ITOC and the Transportation Committee with final audit results expected to be reported to ITOC in June and to the Board of Directors in July.

Key Considerations

Annual Comprehensive Financial Report

The ACFR presents the financial position and activity of SANDAG and the three component units, which include the San Diego County Regional Transportation Commission, SourcePoint, and the Automated Regional Justice Information System. The independent auditor expressed a qualified opinion on SANDAG's FY 2024 basic financial statements. The basis for the qualified opinion relates to the Toll Road (SR125) revenues. Due to the implementation of a new back-office system, there were difficulties in accounting for certain toll road transactions during the fiscal year ended June 30, 2024. As a result, the independent auditor was unable to obtain sufficient appropriate audit evidence supporting SR 125 Toll Road revenue reported in the fund. Consequently, they were unable to determine whether any adjustment to this amount was necessary. The other funds and component units included in the ACFR, except for the SR125 fund as the basis for the qualified opinion, were presented fairly in all material respects in accordance with accounting principles generally accepted in the United State of America.

The FY 2023 audit, presented to the Board on July 26, 2024 as [Item 15](#), also resulted in a qualified audit opinion that the auditors stated was based on a lack of sufficient appropriate audit evidence supporting the toll road revenues and account receivable balances due to reporting limitations in the back-office system implemented in 2022.

Action: Information

In accordance with SANDAG Bylaws, this report provides the FY 2024 Annual Comprehensive Financial Report and other Financial and Compliance Matters in compliance with the Statement of Auditing Standards 114.

Fiscal Impact:

In FY 2024, approximately \$479.4 million was the balance of construction in progress for various regional transportation infrastructure improvement projects.

Schedule/Scope Impact:

The Annual Comprehensive Financial Report presents the financial position and activity of SANDAG and the three component units, which include the San Diego County Regional Transportation Commission, SourcePoint, and the Automated Regional Justice Information System. All other audit reports were issued, resulting in no delays of funding.

SANDAG was able to produce additional reports on Toll Road accounts receivables and account balances for FY 2024 that were responsive to the questions raised by the auditors during the FY 2023 audit. While the qualified opinion continued into FY 2024, the auditors concluded that the FY 2023 finding on Toll Road Back-Office System Errors (2023-002) has been sufficiently resolved with the following statement: “While the toll road back-office system still contains known errors, SANDAG has developed controls to monitor and detect system errors in a timely manner. SANDAG ultimately plans to replace the system.” Based on additional reporting provided, the auditors also concluded that there were no material misstatements in customer account balances at June 30, 2024.

In compliance with Generally Accepted Government Auditing Standards, the independent auditor assessed SANDAG’s internal control over financial reporting and performed tests of the agency’s compliance with certain provisions of laws and regulations during the fiscal year 2024 audit. The Independent Auditor’s Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards is included as Attachment 1. Two internal control concerns were identified as part of the FY 2024 audit:

1) The auditors identified misstatements in the accounting records that needed to be corrected in three areas related to debt, capital assets, and construction in progress.

2) Two quarterly progress reports for federal grant funds were submitted late; one by a day and one by two weeks.

The two audit findings for FY 2024 and the corrective action plans to ensure the improvement of the controls in the future are described in more detail in Attachment 1.

On page 14 of the Single Audit Report (Attachment 2), an update on the FY 2023 audit findings is provided. The FY 2023 audit had three findings, two of which have been resolved.

Transportation Development Act

The TDA audit includes recipients of TDA funds, State Transit Assistance (STA) funds, and the County of San Diego Local Transportation Fund (LTF), all of which are required to be submitted to the State Controller’s Office within 180 days after fiscal year-end.

TDA fund audits are required under California Public Utilities Code Section 9924. An additional 90 days (or more given extenuating circumstances) may be approved by SANDAG for those TDA recipients that require more time to complete the audit.

A total of 14 audits were performed including a portion of claimants that requested an extension. At the December 13, 2024 Board meeting, extension requests were approved for SANDAG and the City of Santee until March 27, 2025. All claimants were issued an unmodified (clean) opinion.

The STA audits are required under California Code of Regulations Section 6751. There were no exceptions to the County State Transit Assistance Fund (STAF) or Metropolitan Transit System STAF reports.

The County LTF audit is required under California Code of Regulations Section 6661. There were no exceptions to this report.

SANDAG Single Audit

In accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, a single audit must be performed for any organization that expends \$750,000 or more of federal funds. The independent auditor expressed an unmodified opinion on compliance over major programs. In FY 2024, SANDAG had \$300,659,646 in federal award expenditures. Please reference the Schedule of Findings and Questioned Costs (page 11 of Attachment 2) for the two findings mentioned above and two material weaknesses identified for internal control over financial reporting.

Next Steps

Since no modified opinions were issued for TDA, SANDAG will continue to administer TDA allocations to all claimants who participated in the audit. SANDAG will work toward implementing the corrective actions identified.

Dawn Vettese, Chief Financial Officer

Attachments:

1. FY 2024 SANDAG Generally Accepted Government Auditing Standards Report
2. FY 2024 SANDAG Single Audit Report
3. FY 2024 Coronado Toll Bridge Report
4. FY 2024 SANDAG National Transit Database AUP Report
5. FY 2024 Statement of Auditing Standards 114 Letter
6. FY 2024 Transportation Development Act Reports



**Report on Internal Control Over Financial Reporting and on Compliance and Other
 Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable Chair and Members of the Board of Directors
 San Diego Association of Governments
 San Diego, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SANDAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SANDAG's internal control. Accordingly, we do not express an opinion on the effectiveness of SANDAG's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below as item 2024-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described below as item 2024-002 to be a significant deficiency.

(2024-001) Adjustments Detected During the Audit

During our audit, we identified material errors in the accounting records that required correcting and adjusting journal entries as follows:

- To correct the deferred refunding loss related to the 2023A bond issuance by \$6,489,686.
- To correct construction in progress in the South Bay Expressway fund in the amount of \$738,015.
- To add back capital assets removed in error in the ARJIS fund in the amount of \$10,098,973.

Potential Effect

The financial statements could be materially misstated if year-end adjustments are not recorded, and amounts are not reconciled to the subsidiary records.

Recommendation

Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.

Management's Comments Regarding Corrective Actions Planned

SANDAG concurs with the auditor's recommendation and plans to implement additional analysis and review during the year-end process to improve the integrity of the data for financial reporting as well as promote continued training for staff on complex accounting transactions. New tools developed during this year-end close can be utilized going forward to help reduce any future audit adjustments. Management will strengthen communication with user departments to ensure accurate reporting of capital assets for financial reporting. In addition, SANDAG also implemented the Capital Asset module in the new ERP system during our year-end close process which going forward will further strengthen our internal controls for capital assets.

(2024-002) Reporting Requirements for Federal Awards

Program: Federal-State Partnership for Intercity Passenger Rail

Assistance Listing No.: 20.326

Federal Grantor: Department of Transportation – Federal Railroad Administration

Passed-through: N/A – Direct Assistance

Award No.: 69A36522403250FSPCA

Criteria

Per the grant requirements, the Grantee is required to submit one completed progress report quarterly (totaling four annually), in the form/format provided by the Federal Railroad Administration (FRA). For the duration of the Project Performance Period, the Grantee must report for the periods of: January 1 – March 31; April 1 – June 30; July 1 – September 30; and October 1 – December 31.

The Grantee should furnish one copy of the completed progress report to the assigned FRA Grant Manager on or before the thirtieth (30th) calendar day of the month following the end of the quarter for which the report is submitted.

Condition

During our audit, we noted two instances of non-compliance regarding the timeliness of required quarterly reporting for the Federal-State Partnership for Intercity Passenger Rail Program grant. The instances of non-compliance are as follows:

- Quarter 3 Report – due April 30, 2024, submitted May 1, 2024
- Quarter 4 Report – due July 30, 2024, submitted August 13, 2024

Questioned Costs

No questioned costs were identified as a result of our procedures.

Effect

As a result of the untimely submission of required quarterly reports for the Federal-State Partnership for Intercity Passenger Rail Program grant, compliance with federal grant reporting requirements was not met.

Cause

The delays in reporting were due to weaknesses in SANDAG's internal controls for tracking and ensuring timely submission of grant-related reports. The existing system did not sufficiently flag the required reporting deadlines, leading to missed timelines.

Recommendation

We recommend SANDAG enhance the system of internal controls for tracking reporting requirements to ensure timely reporting as required by the grant agreements.

Management's Comments Regarding Corrective Actions Planned

We concur with the auditor's recommendation to enhance internal controls, ensuring compliance with timely reporting as required by the grant agreements. Calendar reminders will be added to staff's calendars, and multiple levels will be notified of the reporting submissions.

The following matters are not considered material weaknesses or significant deficiency in internal controls. However, as a service to you, we offer the following best practice recommendation to enhance internal controls of SANDAG:

(1) Trial Balance Enhancements

During the audit for the fiscal year ended June 30, 2024, we noted the trial balance produced by the ERP system did not agree to the presentation of the account balances in the financial statements, primarily with the presentation of expenses. For example, ARJIS expenses are recorded in the ERP system at a summary level and then broken out into multiple expense categories for financial statement presentation.

Recommendation

We recommend adding accounts to the ERP system to mirror the presentation in the financial statements. This would eliminate potential errors from manual adjustments made during the financial statement preparation process. Additionally, the financial statements would be supported by the ERP system, allowing for a better audit trail and ease of retaining historical data without additional explanation and support for the differences between the account balances.

(2) Information Systems Enhancements and Controls

As part of the annual financial statement audit, a Certified Information Systems Auditor performed a risk assessment summary on the information technology environment and systems. As a result of the review, we have the following best practice recommendations:

Service Level Agreements

Based on our inquiry, it does not appear that IT Management reviews Service Level Agreements for third-party vendors whose services have an impact on financial reporting on a regular basis to ensure services provided by third-party vendors are being provided at levels in accordance with contracted agreements regarding the security, availability, and processing integrity of the platform.

Recommendation

We recommend IT Management implements a review of third-party vendors whose services impact financial reporting on at least an annual basis to ensure Service Levels provided have been adequate to meet the needs of SANDAG's operations. The review should include elements to determine whether security levels, availability (uptime) of the platform, and processing integrity (completeness, validity, timeliness, accuracy) were at adequate levels to support SANDAG's operations.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SANDAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

SANDAG's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on SANDAG's response to the findings identified in our audit and described above. SANDAG's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Fan".

Irvine, California
March 31, 2025

**SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA**

**SINGLE AUDIT REPORT ON EXPENDITURES
OF FEDERAL AWARDS**

Year ended June 30, 2024

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SINGLE AUDIT REPORT ON EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	10
Status of Prior Audit Findings	14

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Chair and Members of the Board of Directors
San Diego Association of Governments
San Diego, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SANDAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SANDAG's internal control. Accordingly, we do not express an opinion on the effectiveness of SANDAG's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *schedule of findings and questioned costs* as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SANDAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

SANDAG's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on SANDAG's response to the finding identified in our audit and described above. SANDAG's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
March 31, 2025

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Honorable Chair and Members of the Board of Directors
San Diego Association of Governments
San Diego, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the San Diego Association of Governments (SANDAG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on SANDAG's major federal programs for the year ended June 30, 2024. The SANDAG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SANDAG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the SANDAG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SANDAG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SANDAG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the SANDAG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SANDAG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the SANDAG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SANDAG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on SANDAG's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. SANDAG's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of SANDAG as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements. We issued our report thereon, dated March 31, 2025, which contained a qualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Irvine, California
March 31, 2025

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Identification Number	Federal Expenditures	Passed Through to Subrecipients
Department of Transportation				
Federal Highway Administration				
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	74A0817	\$ 5,118,809	\$ -
Highway Planning and Construction	20.205	STPL-6066(162)	642,647	318,566
Highway Planning and Construction	20.205	STPL-6066(172)	5,643	-
Highway Planning and Construction	20.205	STPL-6066(190)	685,896	-
Highway Planning and Construction	20.205	STPL-6066(198)	111,851	-
Highway Planning and Construction	20.205	CMLG-6066(180)	12,404,494	6,577,840
Highway Planning and Construction	20.205	CML-6066(164)	244,364	-
Highway Planning and Construction	20.205	ATPL-6066(129)	3,738,824	-
Highway Planning and Construction	20.205	ATPL-6066(130)	7,295,789	-
Highway Planning and Construction	20.205	ATPL-6066(137)	776,599	-
Highway Planning and Construction	20.205	ATPL-6066(140)	745,187	-
Highway Planning and Construction	20.205	ATPL-6066(151)	44,409	-
Highway Planning and Construction	20.205	RSTPL-6066(158)	898,938	-
Highway Planning and Construction	20.205	RSTPL-6066(163)	283,159	-
Highway Planning and Construction	20.205	STPBIPL-6066(170)	8,299,197	-
Highway Planning and Construction	20.205	STPL-6066(201)	94,283	-
Highway Planning and Construction	20.205	STPL-6066(205)	75,695	-
Highway Planning and Construction	20.205	STPL-6066(206)	82,830	-
Highway Planning and Construction	20.205	STPL-6066(209)	400,000	-
Highway Planning and Construction	20.205	STPL-6066(210)	104,923	-
Highway Planning and Construction	20.205	STPL-6066(211)	79,626	-
Highway Planning and Construction	20.205	STPL-6066(212)	2,660	-
Highway Planning and Construction	20.205	PIO #108	2,942	-
COVID-19 - Highway Planning and Construction	20.205	ATPL-6066(129)	4,835,670	-
COVID-19 - Highway Planning and Construction	20.205	ATPL-6066(130)	740,059	-
Total Highway Planning and Construction			47,714,494	6,896,406
Direct Programs:				
Highway Research and Development Program	20.200	N/A	404,252	-
Total Highway Research and Development Program			404,252	-
Safe Streets and Roads for All	20.939	N/A	1,303,072	-
Total Safe Street and Roads for All			1,303,072	-
Motor Carrier Safety Administration				
Border Enforcement Grants	20.233	N/A	629,880	-
Total Border Enforcement Grants			629,880	-
Federal Railroad Administration				
Direct Programs:				
Federal-State Partnership for Intercity Passenger Rail	20.326	N/A	3,916,197	-
Total Federal-State Partnership for Intercity Passenger Rail			3,916,197	-
Federal Transit Administration				
Passed through California Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	74A0817	2,986,389	7,559

See accompanying notes to the Schedule of Expenditures of Federal Awards

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Continued

Year ended June 30, 2024

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Identification Number	Federal Expenditures	Passed Through to Subrecipients
Direct Programs:				
Federal Transit Cluster:				
Federal Transit - Capital Investment Grants	20.500	N/A	225,583,636	-
Federal Transit - Formula Grants	20.507	N/A	<u>12,401,888</u>	<u>-</u>
Total Federal Transit Cluster			237,985,524	-
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	1,934,273	1,423,051
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	23,981	5,522
Community Project Funding Congressionally Directed Spending	20.534	N/A	<u>1,613,449</u>	<u>-</u>
Total Transit Services Programs Cluster			3,571,703	1,428,573
Total Department of Transportation			298,511,511	8,332,538
Department of Justice				
Passed through North County Lifeline:				
Services for Trafficking Victims	16.320	15POVC-22-GG-03747-HT	<u>8,430</u>	<u>-</u>
Total Services for Trafficking Victims			8,430	-
Direct Programs:				
Project Safe Neighborhoods (PSN)	16.609	15PBJA21GG03006GUNP	1,452,931	1,324,916
Edward Byrne Memorial Assistance Grant Program (JAG)	16.738	15PBJA21GG04378SMTP	<u>163,102</u>	<u>12,143</u>
Total Direct Programs			1,616,033	1,337,059
Total Department of Justice			1,624,463	1,337,059
Department of Education				
Passed through South Bay Community Services:				
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	84.215	U215N180049	<u>70,503</u>	<u>-</u>
Total Department of Education			70,503	-
Department of Defense				
Direct Programs:				
Military Installation Sustainability	12.003	N/A	<u>10,524</u>	<u>-</u>
Total Department of Defense			10,524	-
U.S. Environmental Protection Agency				
Direct Programs:				
Climate Pollution Reduction Grants	66.046	98T73501	<u>442,645</u>	<u>-</u>
Total U.S. Environmental Protection Agency			442,645	-
Total Federal Expenditures			<u>\$ 300,659,646</u>	<u>\$ 9,669,597</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

SAN DIEGO ASSOCIATION OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a) Scope of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of SANDAG under federal government programs for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of SANDAG, it is not intended to and does not present the financial position, changes in net position or cash flows of SANDAG.

SANDAG did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

b) Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards wherein certain types of expenditures are not allowable or are limited as to reimbursement.

SANDAG utilizes local funds when federal funds are not received in a timely manner. Upon receipt of federal funds, SANDAG reimburses local funds that were utilized for expenditures for federal programs. Reimbursements are shown as credit balances in the Schedule. Expenditures incurred before a federal grant is executed are included on the Schedule in the year the grant was executed.

c) Transportation Infrastructure Finance and Innovation Act (TIFIA) Program Loan

On June 27, 2017, the Commission entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement with the United States Department of Transportation to finance the Commission's continued implementation of the TransNet program for up to \$537,484,439 of costs to complete the Mid-Coast Corridor Transit Project. Under terms of the agreement, the Commission will pay an interest rate of 2.72 percent. The Commission's plan was to issue short-term financing during the period of project construction and use the TIFIA loan proceeds to repay the short-term borrowing.

On January 14, 2021, the Commission renegotiated the terms of the loan with the U.S. Department of Transportation to reduce the annual interest rate from 2.72 percent to 1.75 percent.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards (Continued)

On September 15, 2022, the Commission disbursed \$537,484,439 of loan proceeds to repay the 2021 Series A short-term notes. There were no additional TIFIA draws or expenditures made during the fiscal year ended June 30, 2024. As of June 30, 2024, the outstanding amount due on the TIFIA Loan including accrued interest was \$554,516,468.

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: | Qualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | 2024-001 |
| b. Significant deficiency(ies) identified? | None Noted |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | 2024-002 |
| 2. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

4. Identification of major programs:

Assistance Listing

Name of Federal Programs or Clusters

20.326

Federal-State Partnership for
Intercity Passenger Rail

20.500

Federal Transit Cluster

20.507

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$3,000,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2024

Section II - Financial Statement Findings

(2024-001) Adjustments Detected During the Audit

During our audit, we identified material errors in the accounting records that required correcting and adjusting journal entries as follows:

- To correct the deferred refunding loss related to the 2023A bond issuance by \$6,489,686.
- To correct construction in progress in the South Bay Expressway fund in the amount of \$738,015.
- To add back capital assets and accumulated depreciation removed in error in the ARJIS fund in the amount of \$10,098,973.

Potential Effect

The financial statements could be materially misstated if year-end adjustments are not recorded, and amounts are not reconciled to the subsidiary records.

Recommendation

Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.

Management's Comments Regarding Corrective Actions Planned

SANDAG concurs with the auditor's recommendation and plans to implement additional analysis and review during the year-end process to improve the integrity of the data for financial reporting as well as promote continued training for staff on complex accounting transactions. New tools developed during this year-end close can be utilized going forward to help reduce any future audit adjustments. Management will strengthen communication with user departments to ensure accurate reporting of capital assets for financial reporting. In addition, SANDAG also implemented the Capital Asset module in the new ERP system during our year-end close process which going forward will further strengthen our internal controls for capital assets.

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs

(2024-002) Reporting Requirements for Federal Awards

Program: Federal-State Partnership for Intercity Passenger Rail

Assistance Listing No.: 20.326

Federal Grantor: Department of Transportation – Federal Railroad Administration

Passed-through: N/A – Direct Assistance

Award No.: 69A36522403250FSPCA

Criteria

Per the grant requirements, the Grantee is required to submit one completed progress report quarterly (totaling four annually), in the form/format provided by the Federal Railroad Administration (FRA). For the duration of the Project Performance Period, the Grantee must report for the periods of: January 1 – March 31; April 1 – June 30; July 1 – September 30; and October 1 – December 31. The Grantee should furnish one copy of the completed progress report to the assigned FRA Grant Manager on or before the thirtieth (30th) calendar day of the month following the end of the quarter for which the report is submitted.

Condition

During our audit, we noted two instances of non-compliance regarding the timeliness of required quarterly reporting for the Federal-State Partnership for Intercity Passenger Rail Program grant. The instances of non-compliance are as follows:

- Quarter 3 Report – due April 30, 2024, submitted May 1, 2024
- Quarter 4 Report – due July 30, 2024, submitted August 13, 2024

Questioned Costs

No questioned costs were identified as a result of our procedures.

Effect

As a result of the untimely submission of required quarterly reports for the Federal-State Partnership for Intercity Passenger Rail Program grant, compliance with federal grant reporting requirements was not met.

Cause

The delays in reporting were due to weaknesses in SANDAG's internal controls for tracking and ensuring timely submission of grant-related reports. The existing system did not sufficiently flag the required reporting deadlines, leading to missed timelines.

SAN DIEGO ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs (Continued)

Recommendation

We recommend SANDAG enhance the system of internal controls for tracking reporting requirements to ensure timely reporting as required by the grant agreements.

Management's Comments Regarding Corrective Actions Planned

We concur with the auditor's recommendation to enhance internal controls, ensuring compliance with timely reporting as required by the grant agreements. Calendar reminders will be added to staff's calendars, and multiple levels will be notified of the reporting submissions.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

STATUS OF PRIOR YEAR AUDIT FINDINGS

Year ended June 30, 2024

(2023-001) Adjustments Detected During the Audit

The finding has been repeated as item 2024-001.

(2023-002) Toll Road Back-Office System Errors

While the toll road back-office system still contains known errors, SANDAG has developed controls to monitor and detect system errors in a timely manner. SANDAG ultimately plans to replace the system. As a result, this finding has been sufficiently resolved.

(2023-003) Preparation of the Schedule of Expenditures of Federal Awards

The finding has been resolved.

Independent Accountant's Report

Management
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, related to the City of Coronado's ("City") compliance with the agreement between SANDAG and the City of Coronado entered on June 30, 2000 ("Agreement") and the reporting requirements for the Annual Schedule of Status of Funds by Project (Schedule A) and the Cumulative Schedule of Status of Funds by Project (Schedule B) for the fiscal year ended June 30, 2024. The City of Coronado is responsible for its compliance with those requirements.

SANDAG has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding compliance with the Agreement and the reporting requirements for Schedule A and Schedule B. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are as follows:

1. We obtained and documented the agreement between SANDAG and the City, entered on June 30, 2000 (the "Agreement").

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

2. We obtained from SANDAG the applicable approved Regional Transportation Improvement Program (RTIP). We agreed the RTIP projects to the projects reported on Schedule A.

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

3. We inquired of the City's management and determined that the City maintains a separate fund for Toll Bridge revenues or an alternative approach to maintain separate accountability for reasonableness.

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

4. We obtained a detailed general ledger for Toll Bridge revenues and expenditures from the City for the fiscal year ended June 30, 2024.

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

5. We obtained from the City the Annual Schedule of Status of Funds by Project (Schedule A), and performed the following procedures:

- a. Agreed the beginning balance to the prior year ending balance.

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

- b. Obtained a listing of Toll Bridge payments made to the City from SANDAG and compared the revenue recorded by the City to the listing of payments received.

Results: No payments were received during the year ended June 30, 2024.

- c. Identified the interest income reported for the fiscal year by tracing interest income reported on Schedule A and agreed this amount to the City's general ledger.

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

- d. Identified the Toll Bridge expenditures for the fiscal year under review by performing the following procedures:

- i. Traced the total project expenditures per Schedule A and agreed to the City's general ledger.

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

- ii. Selected individual expenditures that comprised at least 25% of the total dollar amount of expenditures from the general ledger and obtained supporting documentation.

Results: The City recorded total expenditures in the amount of \$18,449. We selected \$13,661 (74%) for testing. No exceptions were noted as a result of our procedures.

- iii. For the expenditures selected, we identified the Metropolitan Planning Organization Identification Number (MPO ID) that the expenditures are charged against to determine if the MPO ID is included in the 2023 RTIP and the expenditures are an eligible cost per the Agreement.

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

- iv. Inquired of management whether indirect costs are allocated to the projects included in the RTIP. If so, document the indirect cost rate allocated and the basis of the allocation.

Results: This procedure is not applicable as there are no indirect costs allocated to projects included in the RTIP for the year ended June 30, 2024.

- e. We determined that any amount reported in the "adjustments" column is explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section III.

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

- f. We obtained a list of completed projects from the City that are reported by the Toll Bridge fund project number and MPO ID. We determined whether any remaining Toll Bridge funds for completed projects were transferred to another Toll Bridge-eligible project within the same program or related program. We determined that projects identified as completed in the previous fiscal year are not presented in the Schedule A for the current fiscal year.

Results: This procedure is not applicable as there were no completed projects during the year ended June 30, 2024.

- i. If the balance of a completed project has not been transferred to another Toll Bridge-eligible project, we ensured that a footnote is presented 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 completed projects during the year ended June 30, 2024.

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

Results: This procedure is not applicable as there were no projects with a negative balance during the year ended June 30, 2024.

- h. We obtained a signed staff report or resolution from the City's governing body consenting to the transfer of funds from one project to another.

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

- i. We determined whether the City reported non-Toll Bridge activity separate from Toll Bridge activity in Schedule A.

Results: This procedure is not applicable as the City did not report non-Toll Bridge activity separate from Toll Bridge activity during the year ended June 30, 2024.

- 6. We obtained the Cumulative Schedule of Status of Funds by Project (Schedule B) from the City and determined that it included cumulative information for all Coronado Toll bridge projects including funds received, expenditures incurred, interest income, adjustments and an ending balance listed alpha-numeric by MPO ID. We inspected Schedule B and determined that projects are properly classified and reported by project. We inspected the ending balances at June 30 and ensured that the balances agreed for those projects reported in both Schedules A and B.

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

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

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

8. We prepared findings and recommendations as a result of performing these agreed-upon procedures. We have included the City's response to the findings, if applicable.

Results: This procedure is not applicable as there were no findings for the year ended June 30, 2024.

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

We are required to be independent of the City of Coronado and SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of SANDAG and is not intended to be, and should not be, used by anyone other than the specified party.

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

Irvine, California
March 31, 2025

CITY OF CORONADO, CALIFORNIA

Coronado Toll Bridge Fund

Schedule of Status of Funds by Project

Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Project Status July 1, 2023	Funds Received	Interest Income	Project Expenditures	City Appropriations	Funds Returned	Adjustments	Project Status June 30, 2024	Notes
Coronado Toll Bridge Fund											
<i>Toll Funds Available</i>											
			\$ 551,888	\$ -	\$ 238,405	\$ -	\$ -	\$ -	\$ (1)	790,292	A
Programmed Projects											
COR 19	10011	Coronado Gateway (SR 75/282 Toll Removal Mitigation Toll Plaza)	4,875,793	-	-	(18,449)	-	-	-	4,857,344	A
COR 23	17024	Street Lighting 3rd & 4th	428,117	-	-	-	-	-	-	428,117	A
		Total Programmed Projects	5,303,910	-	-	(18,449)	-	-	-	5,285,461	
		Reconciling Item for GASB 31	(63,732)	-	85,193	-	-	-	-	21,461	
		Total	\$ 5,792,066	\$ -	\$ 323,598	\$ (18,449)	\$ -	\$ -	\$ (1)	6,097,214	

Notes:

A These funds were appropriated to the various projects from the Toll funds available.

CITY OF CORONADO, CALIFORNIA
Coronado Toll Bridge Fund
Cumulative Schedule of Status of Funds by Project
Year Ended June 30, 2024

MPO ID	CIP Number	Project Name	Funds Received	Interest Income	Project Expenditures	City Appropriations	Funds Returned	Adjustments	Project Status June 30, 2024
Coronado Toll Bridge Fund									
<i>Toll Funds</i>			\$ 10,632,003	\$ 3,031,947	\$ -	\$ (19,240,051)	\$ 6,369,373	\$ (2,980)	\$ 790,292
Open Projects:									
Programmed Projects									
COR 19	10011	Coronado Gateway (SR 75/282 Toll Removal Mitigation Toll Plaza)	-	-	(454,474)	5,310,688	1,130	-	4,857,344
COR 23	17024	Street Lighting at 3rd & 4th	-	-	(121,883)	550,000	-	-	428,117
Total programmed projects			-	-	(576,357)	5,860,688	1,130	-	5,285,461
Completed Projects:									
Programmed Projects									
		Bus Shelters	-	-	(600)	600	-	-	-
		Inroad Crosswalk Lighting	-	-	(4,966)	4,966	-	-	-
		Semi-Diverter Program	-	-	(57,717)	57,717	-	-	-
	03003	City-Wide Major Traffic Study	-	-	(157,235)	157,235	-	-	-
	04502	6th & Orange Drainage Improvements	147,000	-	(363,584)	369,000	(152,416)	-	-
	09902	Orange Ave. - Extension of Left Turn Lane	-	-	(77,182)	145,000	(67,818)	-	-
COR 05	00901	SR 75 Tunnel	64,661	-	(1,783,239)	7,212,000	(5,493,422)	-	-
COR 13	08011	Pomona, Seventh and Adella Roundabout	-	-	(1,008,585)	1,200,000	(191,415)	-	-
COR 14	12010	Third Street, Fourth Street, and I Avenue	-	-	-	-	-	-	-
		Drainage Improvements	-	-	(2,874,939)	2,871,960	-	2,979	-
COR 15	12002	Traffic Modeling Study	-	-	(48,305)	50,000	(1,695)	-	-
COR16	14026	Traffic Calming Study	-	-	(50,000)	50,000	-	-	-
COR 06	10009	SR 75/282 Toll Removal Mitigation (Bulbouts)	-	-	(587,393)	1,050,000	(462,607)	-	-
COR 06	10010	SR 75/282 Toll Removal Mitigation (Traffic Signals)	125,000	-	(335,885)	210,885	-	-	-
Total Completed Projects			336,661	-	(7,349,630)	13,379,363	(6,369,373)	2,979	-
Sub-Total Funds Received & Project Expenditures			10,968,664	3,031,947	(7,925,987)	-	1,130	(1)	6,075,753
Reconciling Item for GASB 31			-	21,461	-	-	-	-	21,461
Total Cumulative Toll Bridge Fund Programmed Projects			\$ 10,968,664	\$ 3,053,408	\$ (7,925,987)	\$ -	\$ 1,130	\$ (1)	\$ 6,097,214

A - Project completed. Adjusted overspent balance to Toll Funds available.

Independent Accountant's Report

Board of Directors
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below on the Federal Funding Allocation Statistics Form (Form FFA-10) for the San Diego Association of Governments (SANDAG) for the fiscal year ended June 30, 2024, solely to assist the management of SANDAG in the evaluation of whether SANDAG complied with the standards described below, and that the information included in the Form FFA-10 of SANDAG's National Transit Database (NTD) Report is presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting System, Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2023 Policy Manual (Policy Manual). SANDAG's management is responsible for the data presented in Form FFA-10.

SANDAG's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether SANDAG complied with the standards described below, and that the information included in the Form FFA-10 of SANDAG's National Transit Database (NTD) Report is presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting System, Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2023 Policy Manual (Policy Manual). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed, and the results of those procedures were as follows:

1. Obtained and read a copy of written procedures related to the system for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the Policy Manual. If procedures are not written, discussed the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

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

2. Discussed the procedures (written or informal) with personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
 - The extent to which SANDAG followed the procedures on a continuous basis; and
 - Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the Policy Manual.

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

3. Inquired with personnel concerning the retention policy that is followed by SANDAG with respect to source documents supporting the NTD data, Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d).

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

4. Based on the description of SANDAG's procedures obtained in items "a" and "b" above, identified all the source documents that must be retained by SANDAG for a minimum of three years. For each type of source document, select three months of the fiscal year and determine whether the documents exist for each of these periods.

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

5. Discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquired whether individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed.

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

6. Selected a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquired how the supervisors' reviews are documented.

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

7. Obtained the worksheets utilized by SANDAG to prepare the final data that is transcribed onto the Federal Funding Allocation Statistics form. Compared the periodic data included on the worksheets to the periodic summaries prepared by SANDAG. Tested the mathematical accuracy of the summarizations.

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

8. Discussed with SANDAG staff the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements. Inquired whether the procedure used is: (1) a 100% count of actual PMT; or (2) an estimate of PMT based on statistical sampling meeting FTA's 95% confidence and + 10% precision requirements. If SANDAG conducts a statistical sample for estimating PMT, inquired whether the sampling procedure is: (1) one of the two procedures suggested by the FTA and described in FTA Circulars 2710.1A or 2710.2A; or (2) an alternative sampling procedure. If SANDAG uses an alternative sampling procedure inquired whether the procedure has been approved by the FTA or whether a qualified statistician has determined that the procedure meets the FTA's statistical requirements.

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

9. Discussed with SANDAG staff SANDAG's ability to conduct statistical sampling for PMT data every third year. Determined whether SANDAG meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. The criteria are as follows:

- According to the 2020 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population;
- The public transit agency directly operates fewer than 100 revenue Vehicles Operated in Annual Maximum Service (VOMS) (in any size UZA).
- The service is purchased from a seller operating fewer than 100 revenue vehicles in VOMS and is included in the transit agency's NTD report.

Results: SANDAG did not meet the criteria established by the FTA to conduct statistical sampling for passenger mile data every third year. Therefore, this procedure was not applicable.

10. For agencies that meet one of the above criteria, reviewed the NTD documentation for the most recent mandatory sampling year and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements. Determined how SANDAG estimated annual PMT for the current report year.

Results: SANDAG did not meet the criteria established by the FTA to conduct statistical sampling for passenger mile data every third year. Therefore, this procedure was not applicable.

11. Obtained a description of the sampling procedure for estimation of PMT data used by SANDAG. Obtained a copy of SANDAG's working papers or methodology used to select the actual sample of runs for recording PMT data. If the average trip length was used, determined that the universe of runs was used as the sampling frame. Determined that the methodology to select specific runs from the universe resulted in a random selection of runs. If a selected sample run was missed, determined that a replacement sample run was randomly selected. Determined that SANDAG followed the stated sampling procedure.

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

12. Selected a random sample of source documents for accumulating PMT data and determine that they are complete (all required data is recorded) and that the computations are accurate. Selected a random sample of the accumulation periods and recompute the accumulations for each of the selected periods. Listed the accumulation periods that were tested. Tested the mathematical accuracy of the summarization.

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

13. Discussed with SANDAG staff the procedures for systematic exclusion of charter, school bus and other ineligible vehicle miles from the calculation of actual VRM and determine that stated procedures are followed. Selected a random sample of the source documents used to record charter and school bus mileage and test the mathematical accuracy of the computations.

Results: SANDAG does not provide charter or school bus services. Therefore, this procedure was not applicable.

14. For actual VRM data, documented the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation.

- If actual VRM is calculated from schedules, documented the procedures used to subtract missed trips. Selected a random sample of the days that service is operated and recompute the daily total of missed trips and missed VRM. Tested the mathematical accuracy of the summarization.
- If actual VRM is calculated from hubodometers, documented the procedures used to calculate and subtract deadhead mileage. Selected a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Tested the mathematical accuracy of the summarization of intermediate accumulations.
- If actual VRM is calculated from vehicle logs, selected random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA's definitions.

Results: Per inquiry, with Michelle Porter, Administrative Analyst, there were no deadhead miles as of June 30, 2024. Therefore, this procedure was not applicable.

15. For rail modes, reviewed the recording and accumulation sheets for actual VRM and determined that locomotive miles are not included in the computation.

Results: SANDAG does not provide rail service. Therefore, this procedure was not applicable.

16. If fixed guideway (FG) or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interviewed the person responsible for maintaining and reporting the NTD data and determined whether the operations meet FTA's definition of FG or HIB in that the service is:

- Rail, trolleybus (TB), ferryboat (FB) or aerial tramway (TR); or
- Bus (MB, CB or RB) service operating over exclusive or controlled access rights-of-way (ROW) and:
 1. access is restricted;
 2. legitimate need for restricted access is demonstrated by peak period level of Service D or worse on parallel adjacent highway;
 3. restricted access is enforced for freeways;
 4. priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation; and
 5. High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues, and that the transit agency has provided to NTD a copy of the State's certification to the U.S. Secretary of Transportation that it has established a program for monitoring, assessing and reporting on the operation of the HOV facility with HO/T lanes.

Results: SANDAG did not report FG/HIB DRM on its NTD report for the fiscal year ended June 30, 2024. Therefore, this procedure was not applicable.

17. Discussed the measurement of FG and HIB DRM with the person reporting the NTD data and determined that the mileage is computed in accordance with FTA's definitions of FG/HIB and DRM. Inquired whether there were service changes during the fiscal year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRM, recomputed the average monthly DRMs, and reconciled the total to the FG/HIB DRM reported on Form FFA-10.

Results: SANDAG did not report FG/HIB DRM on its NTD report for the fiscal year ended June 30, 2024. Therefore, this procedure was not applicable.

18. Inquired if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:

- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12.
- If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, SANDAG should contact its NTD validation analyst to discuss. The FTA will make a determination on how to report the DRMs.

Results: SANDAG did not report FG/HIB DRM on its NTD report for the fiscal year ended June 30, 2024. Therefore, this procedure was not applicable.

19. Measured FG/HIB DRM from maps or by retracing route.

Results: SANDAG did not report FG/HIB DRM on its NTD report for the fiscal year ended June 30, 2024. Therefore, this procedure was not applicable.

20. Discussed with the person reporting the NTD data whether other public transit agencies operate service over the same FG as SANDAG. If yes, determined that SANDAG coordinated with the other transit agency (or agencies) such that the DRM for the segment of the FG/HIB are reported only once to the NTD on Form FFA-10. Each transit agency should report the actual VRM, PM and operating expense for the service operated over the same FG.

Results: SANDAG did not report FG/HIB DRM on its NTD report for the fiscal year ended June 30, 2024. Therefore, this procedure was not applicable.

21. Reviewed the FG/HIB Segments Form (S-20). Discussed with the persons reporting NTD data the Agency Revenue Service Start Date for any segments added in the 2017 report year. This is the commencement date of revenue service for each FG/HIB segment. Determined that the date is reported as when the agency began revenue service. This may be later than the Original Date of Revenue Service if SANDAG is not the original operator. If a segment was added for the 2017 report year, the Agency Revenue Service Date must occur within SANDAG's 2017 fiscal year. Segments are grouped by like characteristics. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document a revenue service start date prior to the current NTD report year, FTA will only consider segments continuously reported to NTD.

Results: SANDAG did not report FG/HIB DRM on its NTD report for the fiscal year ended June 30, 2024. Therefore, this procedure was not applicable.

22. Compared operating expenses with audited financial data, after reconciling items are removed.

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

23. If SANDAG purchases transportation services, interviewed personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenue. The PT fare revenues should equal the amount reported on the Contractual Relationship Form (B-30).

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

24. If SANDAG's report contains data for PT services and assurances of the data for those services are not included, obtained a copy of the Independent Auditor Statement for Federal Funding Allocation data of the PT service.

Results: PT services are included as part of SANDAG's NTD report. Therefore, this procedure was not applicable.

25. If SANDAG's purchases transportation services, obtained a copy of the PT contract and determine that the contract: (1) specifies the specific public transportation services to be provided; (2) specifies the monetary consideration obligated by SANDAG; (3) specifies the period covered by the contract and that this period is the same as, or a portion of, the period covered by SANDAG's NTD report; and (4) is signed by representatives of both parties to the contract. Interviewed the person responsible for maintaining the NTD data regarding the retention of the executed contract and determine that copies of the contracts are retained for three years.

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

26. If SANDAG provides services in more than one UZA, or between an UZA and a non-UZA, inquired of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between UZAs and non-UZAs. Obtained and reviewed the FG segment worksheets, route maps, and UZA boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

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

27. Compared the data reported on Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For actual VRM, PMT or operating expense data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased, interviewed SANDAG management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

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

We were engaged by SANDAG to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures noted above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



Irvine, California
February 28, 2025



Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

October 21, 2024

Audit Committee
San Diego Association of Governments
San Diego, California

This letter is provided in connection with our engagement to audit the financial statements of the San Diego Association of Governments ("SANDAG") as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated June 24, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the entity's Annual Comprehensive Financial Report ("ACFR") includes only the information identified in our report. We have no responsibility for determining whether the Introductory Information, the Statistical Information, and the Continuing Disclosure Section of the ACFR is properly stated. We require that we receive the final version of the ACFR in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and, in any case, prior to the entity's issuance of such information.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Timing of Audit

We begin the interim audit procedures in July 2024 and plan to return for our final audit examination in December 2024. We will present the audit reports and results of the audit to the Audit Committee at the completion of the audit.

Audit Risk Areas

In addition to our standard audit approach, our engagement team plans to expand our testing in the following areas:

- Risk of errors implementing new ERP system: We will review SANDAG's documentation of converting system data to the new system. We will utilize a Certified Information Systems Auditor to evaluate the system controls of the new ERP system, identify key internal controls, and evaluate the effectiveness of the controls.
- Risk of errors in toll revenues: As a result of documented issues with the toll road back off system in the prior year, we have identified toll revenues as a high risk audit area. Our audit approach will include evaluating whether or not the system can be relied upon to ensure there are no material misstatements in the financial statements.
- Risk of errors recording new debt: SANDAG issued 2023 Series A Sales Tax Revenue Bonds for purposes of refunding existing debt and terminating certain interest rate swaps. Due to the complexity of the transaction, we plan to review the journal entry for accuracy and ensure the related footnote disclosures are complete and accurate.

- Risk of federal grant noncompliance: We will evaluate SANDAG's federal grants to determine which grants are required to be audited under the Federal Uniform Guidance. We will test those grants for compliance with the Uniform Guidance and the applicable grant agreements.
- The auditing standards require the auditors to perform an unpredictability test each year. This year's test will focus on additional evaluation of governmental receivables including confirming significant receivables with 3rd parties.

Fraud Inquiries

Professional auditing standards require that, as a part of our audit, we inquire of those in governance to ascertain whether or not the Audit Committee (the "Committee") has knowledge of matters that might have a bearing on the auditor's risk assessment for the annual audit of SANDAG's financial statements.

Examples of these matters are:

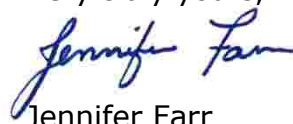
- Known or suspected instances of employee fraud
- Areas in which the internal controls of SANDAG are thought by the Committee to be weak
- Known or suspected misstatements in the accounting records of SANDAG
- Known or suspected use of improper accounting practices by SANDAG
- Any awareness of pressure upon SANDAG or Authority management with respect to achieving certain financial results
- Matters that warrant particular attention during the audit
- Information about unusual transactions or other matters relevant to the audit

Generally, the scope of the audit is limited to *matters involving amounts that would be significant to the financial statements of SANDAG taken as a whole*. If additional time is required to respond to the concerns of the Committee, we will estimate for SANDAG the costs involved.

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

If any member of the committee has information relevant to our audit (matters involving amounts that would be significant to the financial statements of SANDAG taken as a whole), please contact the undersigned at (949) 783-1740 or JFarr@davisfarr.com.

Very truly yours,



Jennifer Farr
Davis Farr LLP

SANDAG Financial Audit Program

Transportation Development Act (TDA) and

State Transit Assistance Fund (STAF)

Financial Statements

Year Ended June 30, 2024

<u>City of Coronado, California</u>	/TDA Article 4 and Article 8 Funds
<u>City of El Cajon, California</u>	/TDA Article 3 and Article 4 Funds
<u>City of Escondido, California</u>	TDA Article 3 Fund
<u>City of La Mesa, California</u>	TDA Article 3 and Article 4 Funds
<u>City of Lemon Grove, California</u>	TDA Article 4 Fund
<u>City of National City, California</u>	TDA Article 3 Fund
<u>City of Poway, California</u>	TDA Article 4 Fund
<u>City of San Diego, California</u>	TDA Article 3 Fund
<u>City of Santee, California</u>	TDA Article 3 and Article 4 Funds
<u>SANDAG FACT</u>	TDA Article 4.5 Fund
<u>SANDAG TDA AUP</u>	
<u>County LTF</u>	
<u>County STAF</u>	
<u>MTS STAF</u>	

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Financial Statements

For the Fiscal Year Ended June 30, 2024

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2024	12
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2023	13
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 8 – Year Ended June 30, 2024	14
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 8 – Year Ended June 30, 2023	15
Schedule of Status of Funds by Project	16
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 4 and Article 8 Funds ("TDA Funds") of the City of Coronado, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the TDA Funds as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the TDA Funds for the year ended June 30, 2023, and we expressed an unmodified opinion on those financial statements in our report dated March 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplemental Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Irvine, California
December 19, 2024

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Balance Sheets

**June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 4		TDA Article 8	
	2024	2023	2024	2023
Assets:				
Cash and investments (Note 3)	\$ 112,175	\$ 104,034	\$ 615,909	\$ 607,832
Due from other governments (Note 4)	<u>30,423</u>	<u>30,423</u>	<u>9,313</u>	<u>-</u>
Total assets	<u>\$ 142,598</u>	<u>\$ 134,457</u>	<u>\$ 625,222</u>	<u>\$ 607,832</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 26,350	\$ 50,337
Unearned revenue (Note 5)	<u>102,062</u>	<u>128,715</u>	<u>552,317</u>	<u>534,942</u>
Total liabilities	<u>102,062</u>	<u>128,715</u>	<u>578,667</u>	<u>585,279</u>
Deferred inflows of resources:				
Unavailable revenue (Note 6)	<u>30,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>30,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted	<u>10,113</u>	<u>5,742</u>	<u>46,555</u>	<u>22,553</u>
Total fund balance	<u>10,113</u>	<u>5,742</u>	<u>46,555</u>	<u>22,553</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 142,598</u>	<u>\$ 134,457</u>	<u>\$ 625,222</u>	<u>\$ 607,832</u>

See notes to financial statements

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Schedule of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 4		TDA Article 8	
	2024	2023	2024	2023
Revenues:				
TDA funds	\$ 30,459	\$ 30,423	\$ 312,656	\$ 293,852
Interest income	<u>4,371</u>	<u>5,742</u>	<u>24,002</u>	<u>22,553</u>
Total revenues	<u>34,830</u>	<u>36,165</u>	<u>336,658</u>	<u>316,405</u>
Expenditures:				
Construction and development	<u>30,459</u>	<u>30,423</u>	<u>312,656</u>	<u>293,852</u>
Total expenditures	<u>30,459</u>	<u>30,423</u>	<u>312,656</u>	<u>293,852</u>
Change in fund balance	4,371	5,742	24,002	22,553
Fund balance at beginning of year	<u>5,742</u>	<u>-</u>	<u>22,553</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,113</u>	<u>\$ 5,742</u>	<u>\$ 46,555</u>	<u>\$ 22,553</u>

See notes to financial statements

CITY OF CORONADO, CALIFORNIA

Transportation Development Act Article 4 and Article 8 Funds

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 4 and Article 8 Funds Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of Coronado, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

Pursuant to Section 99400.7 of the California Public Utilities Code, Article 8 monies may be used to provide commuter ferry service on San Diego Bay for the purpose of serving peak period commute trips for pedestrians and bicycles. The commuter ferry service may be located anywhere on San Diego Bay, but shall be consistent with the regional transportation plan, shall serve employment centers and high-volume activity centers, and may be provided by contract with operators, private entities operating under a franchise or license, or nonprofit corporations organized pursuant to Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code. Funding for this program was authorized by SANDAG.

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 4 and 8 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4 and 8 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Article 4 and Article 8 Fund's cash and investments as of June 30, 2024 and 2023 were \$728,084 and \$711,866, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Program are those of the City and are included in the City's basic financial statements.

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Notes to Financial Statements

(Continued)

(3) Cash and Investments (Continued)

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

(4) Due from Other Governments

Due from other governments in the amount of \$30,423 and \$30,423 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA Article 4 expenditures. Additionally, due from other governments in the amount of \$9,313 and \$0 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA Article 8 expenditures.

(5) Unearned Revenue

TDA Article 4 and Article 8 monies allocated to the City by MTS for specific capital improvements of trolley and bus facilities and community ferry services are considered earned when they are properly spent for the specific projects authorized. Allocations received but not used are reported as unearned revenue. The balance of unearned revenue as of June 30, 2024 and 2023 was \$654,379 and \$663,657, respectively.

(6) Unavailable Revenue

Unavailable revenue in the amount of \$30,423 and \$0 as of June 30, 2024 and 2023, respectively, for TDA Article 4 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

(7) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Notes to Financial Statements

(Continued)

(8) Restrictions

Funds received pursuant to the California Public Utilities Code §99260 (TDA Article 4) may only be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects.

Funds received pursuant to California Public Utilities Code Section §99400 (TDA Article 8) may only be used for:

- (a) Local streets and roads, and projects, which are provided for use by pedestrians and bicycles;
- (b) Passenger rail service operations and capital improvements;
- (c) Payment to any entity, which is under contract with a county, city, or transit district for public transportation or for transportation services for any group, as determined by the transportation planning agency, requiring special transportation assistance; or
- (d) Administrative and planning costs with respect to transportation services.

(9) Contingencies

Disclosures related to contingencies, including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
TDA funds	\$ 30,423	\$ 30,423	30,459	\$ 36
Interest income	<u>4,371</u>	<u>4,371</u>	<u>4,371</u>	<u>-</u>
Total revenues	<u>34,794</u>	<u>34,794</u>	<u>34,830</u>	<u>36</u>
Expenditures:				
Construction and development	<u>30,423</u>	<u>30,423</u>	<u>30,459</u>	<u>(36)</u>
Total expenditures	<u>30,423</u>	<u>30,423</u>	<u>30,459</u>	<u>(36)</u>
Change in fund balance	<u>\$ 4,371</u>	<u>\$ 4,371</u>	\$ 4,371	<u>\$ -</u>
Fund balance at beginning of year			<u>5,742</u>	
Fund balance at end of year			<u>\$ 10,113</u>	

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 200,000	\$ 200,000	30,423	\$ (169,577)
Interest income	<u>1,870</u>	<u>1,870</u>	<u>5,742</u>	<u>3,872</u>
Total revenues	<u>201,870</u>	<u>201,870</u>	<u>36,165</u>	<u>(165,705)</u>
Expenditures:				
Construction and development	<u>233,547</u>	<u>233,547</u>	<u>30,423</u>	<u>203,124</u>
Total expenditures	<u>233,547</u>	<u>233,547</u>	<u>30,423</u>	<u>203,124</u>
Change in fund balance	<u>\$ (31,677)</u>	<u>\$ (31,677)</u>	\$ 5,742	<u>\$ 37,419</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 5,742</u>	

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 8 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 200,000	\$ 200,000	312,656	\$ 112,656
Interest income	<u>10,880</u>	<u>10,880</u>	<u>24,002</u>	<u>13,122</u>
Total revenues	<u>210,880</u>	<u>210,880</u>	<u>336,658</u>	<u>125,778</u>
Expenditures:				
Construction and development	<u>305,000</u>	<u>305,000</u>	<u>312,656</u>	<u>(7,656)</u>
Total expenditures	<u>305,000</u>	<u>305,000</u>	<u>312,656</u>	<u>(7,656)</u>
Change in fund balance	<u>\$ (94,120)</u>	<u>\$ (94,120)</u>	\$ 24,002	<u>\$ 118,122</u>
Fund balance at beginning of year			<u>22,553</u>	
Fund balance at end of year			<u>\$ 46,555</u>	

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 8 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 200,000	\$ 200,000	293,852	\$ 93,852
Interest income	<u>1,870</u>	<u>1,870</u>	<u>22,553</u>	<u>20,683</u>
Total revenues	<u>201,870</u>	<u>201,870</u>	<u>316,405</u>	<u>114,535</u>
Expenditures:				
Construction and development	<u>233,547</u>	<u>233,547</u>	<u>293,852</u>	<u>(60,305)</u>
Total expenditures	<u>233,547</u>	<u>233,547</u>	<u>293,852</u>	<u>(60,305)</u>
Change in fund balance	<u>\$ (31,677)</u>	<u>\$ (31,677)</u>	\$ 22,553	<u>\$ 54,230</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 22,553</u>	

CITY OF CORONADO, CALIFORNIA

**Transportation Development Act
Article 4 and Article 8 Funds**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	Project Status at 6/30/24
Article 4:						
	Capital Improvements on Trolley and Bus Facilities	\$ 104,034	\$ 30,459	\$ 4,371	\$ (30,459)	\$ 108,405
Article 8:						
16031003	Community Ferry Service	<u>571,211</u>	<u>312,656</u>	<u>24,002</u>	<u>(312,656)</u>	<u>595,213</u>
	Totals	<u>\$ 675,245</u>	<u>\$ 343,115</u>	<u>\$ 28,373</u>	<u>\$ (343,115)</u>	<u>\$ 703,618</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 4 and Article 8 Funds (TDA Funds) of the City of Coronado, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness.

(1) Material Misstatements Detected in Financial Statements

As a result of our audit procedures, we detected a material misstatement in the financial statements. We recorded an adjusting journal entry to record unavailable revenue and reduce current year revenues. We recommend the City carefully review revenues to ensure they are accurately recorded and recognized. We also recommend the City maintain a complete self-balancing set of records for the TDA activities for purposes of ensuring the assets and liabilities are correctly recorded.

Management's Respond to Finding

Management agrees with the findings. The City invoiced and accrued revenue outside of the 60 days availability period as accounts receivable instead of recording it as a deferred inflow/unavailable revenue. We are evaluating internal controls to ensure that revenue is attentively reviewed to record and recognize correctly.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying financial statements. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
December 19, 2024

CITY OF EL CAJON, CALIFORNIA
Transportation Development Act
Article 3 and Article 4 Funds
Financial Statements
For the Fiscal Year Ended June 30, 2024

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 & 4 – Year Ended June 30, 2024	12
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 & 4 – Year Ended June 30, 2023	13
Schedule of Status of Funds by Project	14
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 and Article 4 Funds ("TDA Funds") of the City of El Cajon, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the TDA Funds as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, and the respective changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplementary Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Irvine, California
December 13, 2024

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Balance Sheets

June 30, 2024

(with Comparative Information for the Prior Year)

	<u>TDA Article 3</u>		<u>TDA Article 4</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:				
Cash and investments (Note 3)	\$ -	\$ -	\$ 617,929	\$ 502,074
Due from other governments (Note 4)	<u>-</u>	<u>67,740</u>	<u>-</u>	<u>83,552</u>
Total assets	<u>\$ -</u>	<u>\$ 67,740</u>	<u>\$ 617,929</u>	<u>\$ 585,626</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 13,735	\$ 7,212
Due to City of El Cajon (Note 5)	<u>-</u>	<u>67,740</u>	<u>-</u>	<u>-</u>
Unearned revenue (Note 6)	<u>-</u>	<u>-</u>	<u>604,194</u>	<u>578,414</u>
Total liabilities	<u>-</u>	<u>67,740</u>	<u>617,929</u>	<u>585,626</u>
Deferred inflows of resources:				
Unavailable revenue (Note 7)	<u>-</u>	<u>67,740</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>67,740</u>	<u>-</u>	<u>-</u>
Fund balance (deficit):				
Unassigned	<u>-</u>	<u>(67,740)</u>	<u>-</u>	<u>-</u>
Total fund balance (deficit) (Note 8)	<u>-</u>	<u>(67,740)</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 67,740</u>	<u>\$ 617,929</u>	<u>\$ 585,626</u>

See notes to financial statements

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Schedule of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3		TDA Article 4	
	2024	2023	2024	2023
Revenues:				
TDA funds	\$ 67,740	\$ -	\$ 72,729	\$ 71,492
Investment income	<u>-</u>	<u>-</u>	<u>21,947</u>	<u>8,806</u>
Total revenues	<u>67,740</u>	<u>-</u>	<u>94,676</u>	<u>80,298</u>
Expenditures:				
Construction and development	<u>-</u>	<u>-</u>	<u>94,676</u>	<u>80,298</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>94,676</u>	<u>80,298</u>
Change in fund balance	67,740	-	-	-
Fund balance (deficit) at beginning of year	<u>(67,740)</u>	<u>(67,740)</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ (67,740)</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 3 and Article 4 Funds Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of El Cajon, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 and 4 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 and 4 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Article 4 Fund's cash and investments as of June 30, 2024 and 2023 were \$617,929 and \$502,074, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Program are those of the City and are included in the City's basic financial statements.

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(3) Cash and Investments (Continued)

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

(4) Due from Other Governments

Due from other governments in the amount of \$0 and \$67,740 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA Article 3 expenditures. Additionally, due from other governments in the amount of \$0 and \$83,552 as of June 30, 2024 and 2023, respectively, represents a receivable from MTS for reimbursement of eligible TDA Article 4 expenditures.

(5) Due to City of El Cajon

Due to The City of El Cajon in the amount of \$0 and \$67,740 as of June 30, 2024 and 2023, respectively, represents cash advanced from other funds of the City to pay for eligible TDA 3 expenditures.

(6) Unearned Revenue

TDA Article 4 monies allocated to the City by SANDAG for specific capital improvements of trolley and bus facilities are considered earned when they are properly spent for the specific projects authorized. Allocations received but not used are reported as unearned revenue. The balance of unearned revenue as of June 30, 2024 and 2023 was \$604,194 and \$578,415, respectively.

(7) Unavailable Revenue

Unavailable revenue in the amount of \$0 and \$67,740 as of June 30, 2024 and 2023, respectively, for TDA Article 3 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

(8) Deficit Fund Balance

The TDA Article 3 Fund reported a deficit fund balance of \$0 and \$67,740 as of June 30, 2024 and 2023, respectively.

(9) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(10) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety programs. Funds received pursuant to the California Public Utilities Code §99260 (TDA Article 4) may only be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects.

(11) Contingencies

Disclosures related to contingencies, including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 & 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 138,518	\$ 138,518	\$ 162,416	\$ 23,898
Total revenues	<u>138,518</u>	<u>138,518</u>	<u>162,416</u>	<u>23,898</u>
Expenditures:				
Construction and development	<u>124,931</u>	<u>124,931</u>	<u>94,676</u>	<u>30,255</u>
Total expenditures	<u>124,931</u>	<u>124,931</u>	<u>94,676</u>	<u>30,255</u>
Change in fund balance	<u>\$ 13,587</u>	<u>\$ 13,587</u>	\$ 67,740	<u>\$ 54,153</u>
Fund balance (deficit) at beginning of year			<u>(67,740)</u>	
Fund balance at end of year			<u>\$ -</u>	

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 & 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 85,000	\$ 85,000	\$ 80,298	\$ (4,702)
Total revenues	85,000	85,000	80,298	(4,702)
Expenditures:				
Construction and development	117,506	117,506	80,298	37,208
Total expenditures	117,506	117,506	80,298	37,208
Change in fund balance	\$ (32,506)	\$ (32,506)	\$ -	\$ 32,506
Fund balance (deficit) at beginning of year			(67,740)	
Fund balance (deficit) at end of year			\$ (67,740)	

CITY OF EL CAJON, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	Project Status at 6/30/24	Notes
Article 3:							
19011001	Active Transportation Plan	\$ (67,740)	\$ 67,740	\$ -	\$ -	\$ -	(a)
Article 4:							
PW00000059	Bus Stop Maint & Repair; Intersection (PW3483)	575,619	-	21,947	-	597,566	
0000014906	Bus Stop Maint & repair	-	-	-	(94,676)	(94,676)	(b)
978	Bus Stop Maint & repair	-	101,893	-	-	101,893	
Totals		<u>\$ 507,879</u>	<u>\$ 169,633</u>	<u>\$ 21,947</u>	<u>\$ (94,676)</u>	<u>\$ 604,783</u>	

Notes

- (a) The City received the final reimbursement for the TDA 3 Grant Project in FY24. The TDA 3 Grant is now complete.
(b) The City plans to request reimbursement for the \$94,676 project deficit in FY25.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3 and Article 4 Funds (TDA Funds) of the City of El Cajon, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
December 13, 2024

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2024	11
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2023	12
Schedule of Status of Fund by Project	13
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 Fund ("TDA Fund") of the City of Escondido, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TDA Fund as of June 30, 2024, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion is not modified with respect to this matter.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Fund of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Fund by Project*, listed as Supplementary Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Irvine, California
December 13, 2024

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Balance Sheets

**June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3	
	2024	2023
Assets:		
Due from other governments (Note 3)	\$ -	\$ 300,407
Total assets	<u>\$ -</u>	<u>\$ 300,407</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Due to City of Escondido (Note 4)	\$ -	\$ 300,407
Total liabilities	<u>-</u>	<u>300,407</u>
Deferred inflows of resources:		
Unavailable revenue (Note 5)	<u>-</u>	<u>300,407</u>
Total deferred inflows of resources	<u>-</u>	<u>300,407</u>
Fund balance (deficit):		
Unassigned (Note 6)	<u>-</u>	<u>(300,407)</u>
Total fund balance (deficit)	<u>-</u>	<u>(300,407)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 300,407</u>

See notes to financial statements

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Statement of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3	
	2024	2023
Revenues:		
TDA funds	\$ 300,407	\$ -
Total revenues	300,407	-
Expenditures:		
Construction and development	-	-
Total expenditures	-	-
Change in fund balance	300,407	-
Fund balance (deficit) at beginning of year	(300,407)	(300,407)
Fund balance (deficit) at end of year	\$ -	\$ (300,407)

See notes to financial statements

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 3 Fund Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of Escondido, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Fund is accounted for as Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liability is incurred.

CITY OF ESCONDIDO, CALIFORNIA

Transportation Development Act Article 3 Fund

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Due from Other Governments

Due from other governments in the amount of \$0 and \$300,407 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA expenditures.

(4) Due to City of Escondido

Due to City of Escondido in the amount of \$0 and \$300,407 as of June 30, 2024 and 2023, respectively, represents a payable to the City for reimbursement of eligible TDA expenditures paid on behalf of the TDA Fund.

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(5) Unavailable Revenue

Unavailable revenue in the amount of \$0 and \$300,407 as of June 30, 2024 and 2023, respectively, for TDA Article 3 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

(6) Deficit Fund Balance

The TDA Fund reported a deficit fund balance of \$0 and \$300,407 as of June 30, 2024 and 2023, respectively. This deficit fund balance was cured during the fiscal year ending June 30, 2024, with the receipt of TDA funds as reimbursement for eligible expenditures.

(7) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

(8) Restrictions

Fund received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety programs.

(9) Contingencies

Disclosures related to contingencies including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Statement of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ -	\$ -	\$ 300,407	\$ 300,407
Total revenues	-	-	300,407	300,407
Expenditures:				
Construction and development	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	\$ -	\$ -	\$ 300,407	\$ 300,407
Fund balance (deficit) at beginning of year			(300,407)	
Fund balance (deficit) at end of year			\$ -	

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Statement of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Construction and development	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
Fund balance (deficit) at beginning of year			<u>(300,407)</u>	
Fund balance (deficit) at end of year			<u>\$ (300,407)</u>	

CITY OF ESCONDIDO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	Project Status at 6/30/24	Notes
16011005	El Norte Pedestrian Signal	\$ (300,407)	\$ 300,407	\$ -	\$ -	\$ -	(a)
	Totals	\$ (300,407)	\$ 300,407	\$ -	\$ -	\$ -	

Notes

(a) The City of Escondido received their final reimbursement for the TDA Grant in FY 2024.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3 (TDA Fund) of the City of Escondido, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
San Diego Association of Governments
San Diego, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
December 13, 2024

CITY OF LA MESA, CALIFORNIA
Transportation Development Act
Article 3 and Article 4 Funds
Financial Statements
For the Fiscal Year Ended June 30, 2024

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplemental Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 & 4 – Year Ended June 30, 2024	12
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 & 4– Year Ended June 30, 2023	13
Schedule of Status of Funds by Project	14
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 and Article 4 Funds ("TDA Funds") of the City of La Mesa, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the TDA Funds as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, and the respective changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplemental Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Davis Fan" followed by a stylized flourish.

Irvine, California
December 13, 2024

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Balance Sheets

June 30, 2024

(with Comparative Information for the Prior Year)

	TDA Article 3		TDA Article 4	
	2024	2023	2024	2023
Assets:				
Cash and investments (Note 3)	\$ -	\$ -	\$ -	\$ 6,020
Interest receivable	-	-	-	11
Due from other governments (Note 4)	-	-	78,500	21,267
	<u>-</u>	<u>-</u>	<u>78,500</u>	<u>21,267</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,500</u>	<u>\$ 27,298</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:				
Liabilities:				
Due to City of La Mesa (Note 5)	\$ -	\$ -	\$ 77,741	\$ 21,267
Unearned revenue (Note 6)	-	-	-	6,691
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,691</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>77,741</u>	<u>27,958</u>
Deferred inflows of resources:				
Unavailable revenue (Note 7)	-	-	78,500	21,267
	<u>-</u>	<u>-</u>	<u>78,500</u>	<u>21,267</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>78,500</u>	<u>21,267</u>
Fund balance (deficit):				
Unassigned	-	-	(77,741)	(21,927)
	<u>-</u>	<u>-</u>	<u>(77,741)</u>	<u>(21,927)</u>
Total fund balance (deficit) (Note 8)	<u>-</u>	<u>-</u>	<u>(77,741)</u>	<u>(21,927)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,500</u>	<u>\$ 27,298</u>

See notes to financial statements

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Schedule of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3		TDA Article 4	
	2024	2023	2024	2023
Revenues:				
TDA funds	\$ -	\$ 27,004	\$ 21,267	\$ -
Interest income (loss)	-	-	1,407	(660)
Total revenues	-	27,004	22,674	(660)
Expenditures:				
Construction and development	-	-	78,488	21,267
Total expenditures	-	-	78,488	21,267
Change in fund balance	-	27,004	(55,814)	(21,927)
Fund balance (deficit) at beginning of year	-	(27,004)	(21,927)	-
Fund balance (deficit) at end of year	\$ -	\$ -	\$ (77,741)	\$ (21,927)

See notes to financial statements

CITY OF LA MESA, CALIFORNIA

Transportation Development Act Article 3 and Article 4 Funds

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 3 and Article 4 Funds Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of La Mesa, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 and 4 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 and 4 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Article 3 and Article 4 Fund's cash and investments as of June 30, 2024 and 2023 were \$0 and \$6,020, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Program are those of the City and are included in the City's basic financial statements.

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(3) Cash and Investments (Continued)

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

(4) Due from Other Governments

Due from other governments in the amount of \$78,500 and \$21,267 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA Article 4 expenditures.

(5) Due to City of La Mesa

Due to the City of La Mesa in the amount of \$77,741 and \$21,267 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA Article 4 expenditures.

(6) Unearned Revenue

TDA Article 4 monies allocated to the City by SANDAG for specific capital improvements of trolley and bus facilities are considered earned when they are properly spent for the specific projects authorized. Allocations and any interest received but not used are reported as unearned revenue. The balance of unearned revenue as of June 30, 2024 and 2023 was \$0 and \$6,691, respectively.

(7) Unavailable Revenue

Unavailable revenue in the amount of \$78,500 and \$21,267 as of June 30, 2024 and 2023, respectively, for TDA Article 4 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

(8) Deficit Fund Balance

The TDA 4 Fund reported a deficit fund balance of \$77,741 and \$21,927 as of June 30, 2024 and 2023, respectively. This deficit fund balance will be cured during the year ending June 30, 2025, with the receipt of TDA 4 funds as reimbursement for eligible expenditures.

(9) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. Expenditures exceeded budgeted appropriations by \$8 for the year ended June 30, 2024.

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(10) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety programs. Funds received pursuant to the California Public Utilities Code §99260 (TDA Article 4) may only be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects.

(11) Contingencies

Disclosures related to contingencies, including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 & 4 Funds**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>			Variance From Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
TDA funds	\$ 21,267	\$ 21,267	\$ 21,267	\$ -
Interest income (loss)	<u>1,407</u>	<u>1,407</u>	<u>1,407</u>	<u>-</u>
Total revenues	<u>22,674</u>	<u>22,674</u>	<u>22,674</u>	<u>-</u>
Expenditures:				
Construction and development	<u>78,480</u>	<u>78,480</u>	<u>78,488</u>	<u>(8)</u>
Total expenditures	<u>78,480</u>	<u>78,480</u>	<u>78,488</u>	<u>(8)</u>
Change in fund balance	<u><u>\$ (55,806)</u></u>	<u><u>\$ (55,806)</u></u>	(55,814)	<u><u>\$ (8)</u></u>
Fund balance (deficit) at beginning of year			<u>(21,927)</u>	
Fund balance (deficit) at end of year			<u><u>\$ (77,741)</u></u>	

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 & 4 Funds**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	<u>Budget</u>			Variance From Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
TDA funds	\$ 21,267	\$ 21,267	\$ 27,004	\$ 5,737
Interest income (loss)	<u>-</u>	<u>-</u>	<u>(660)</u>	<u>(660)</u>
Total revenues	<u>21,267</u>	<u>21,267</u>	<u>26,344</u>	<u>5,077</u>
Expenditures:				
Construction and development	<u>21,267</u>	<u>21,267</u>	<u>21,267</u>	<u>-</u>
Total expenditures	<u>21,267</u>	<u>21,267</u>	<u>21,267</u>	<u>-</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,077	<u>\$ 5,077</u>
Fund balance (deficit) at beginning of year			<u>(27,004)</u>	
Fund balance (deficit) at end of year			<u>\$ (21,927)</u>	

CITY OF LA MESA, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	City Adjustments	Project Status at 6/30/24	Notes
Article 3:								
19011003	University Avenue Corridor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19011004	Massachusetts Ave. & Blackton Dr.	-	-	-	-	-	-	
Article 4:								
	MTS Spring Street Maintenance - Tree Trimming	(6,040)	6,040	-	(4,818)	-	(4,818)	(a)
	MTS Related Traffic Signal Maintenance	(13,069)	12,409	464	(73,670)	943	(72,923)	(a)(b)
	MTS Plan Review Fees - Grossmont Bridge	<u>(2,818)</u>	<u>2,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	Totals	<u>\$ (21,927)</u>	<u>\$ 21,267</u>	<u>\$ 464</u>	<u>\$ (78,488)</u>	<u>\$ 943</u>	<u>\$ (77,741)</u>	

Notes

- (a) The deficit balance will be cured during the year ending June 30, 2024 with the receipt of TDA funds as reimbursement for eligible expenditures.
(b) Adjustment is to record a prior year correction of interest allocation.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3 and Article 4 Funds (TDA Funds) of the City of La Mesa, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weaknesses.

(1) Material Misstatements Detected in Financial Statements

As a result of our audit procedures, we detected material misstatements in the financial statements. We recorded adjusting journal entries to correct unavailable revenues, revenues recorded in error, and interest income. We recommend the City carefully review revenues to ensure they are accurately recorded and recognized. We also recommend the City maintain a complete self-balancing set of records for the TDA activities for purposes of ensuring the assets and liabilities are correctly recorded.

Management's Response to Finding

With the implementation of a new ERP system we found that some funds were erroneously loaded through working with our main auditing firm, RAMS. Adjusting journal entries were made to correct balances and recommended checks have already been established and are in place.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying financial statements. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
December 13, 2024

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplemental Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2024	11
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2023	12
Schedule of Status of Funds by Project	13
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 4 Fund ("TDA Fund") of the City of Lemon Grove, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TDA Fund as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplemental Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Irvine, California
December 19, 2024

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Balance Sheets

**June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 4	
	2024	2023
Assets:		
Due from other governments (Note 3)	\$ 158,990	\$ 57,250
Total assets	<u>\$ 158,990</u>	<u>\$ 57,250</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Due to City of Lemon Grove (Note 4)	\$ 143,510	\$ 56,040
Accounts payable	<u>15,480</u>	<u>1,210</u>
Total liabilities	<u>158,990</u>	<u>57,250</u>
Deferred inflows of resources:		
Unavailable revenue (Note 5)	<u>101,493</u>	<u>57,250</u>
Total deferred inflows of resources	<u>101,493</u>	<u>57,250</u>
Fund balance (deficit):		
Unassigned	<u>(101,493)</u>	<u>(57,250)</u>
Total fund balance (deficit) (Note 6)	<u>(101,493)</u>	<u>(57,250)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 158,990</u>	<u>\$ 57,250</u>

See notes to financial statements

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Statement of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 4	
	2024	2023
Revenues:		
TDA funds	\$ 57,497	\$ 95,085
Total revenues	57,497	95,085
Expenditures:		
Construction and development	101,740	52,836
Total expenditures	101,740	52,836
Change in fund balance	(44,243)	42,249
Fund balance (deficit) at beginning of year	(57,250)	(99,499)
Fund balance (deficit) at end of year	\$ (101,493)	\$ (57,250)

See notes to financial statements

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 4 Fund Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of Lemon Grove, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 4 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Due from Other Governments

Due from other governments in the amount of \$158,990 and \$57,250 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA expenditures.

(4) Due to City of Lemon Grove

Due to City of Lemon Grove in the amount of \$143,510 and \$56,040 as of June 30, 2024 and 2023, respectively, represents cash advanced from other funds of the City to pay for eligible TDA expenditures.

(5) Unavailable Revenue

Unavailable revenue in the amount of \$101,493 and \$57,250 as of June 30, 2024 and 2023, respectively, for TDA Article 4 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(6) Deficit Fund Balance

The TDA Fund reported a deficit fund balance of \$101,493 and \$57,250 as of June 30, 2024 and 2023, respectively. This deficit fund balance will be resolved during the next fiscal year when unavailable revenue is recorded as revenue.

(7) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

(8) Restrictions

Funds received pursuant to the California Public Utilities Code §99260 (TDA Article 4) may only be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects.

(9) Contingencies

Disclosures related to contingencies including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplemental Information

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Statement of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 100,196	\$ 100,196	\$ 57,497	\$ (42,699)
Total revenues	<u>100,196</u>	<u>100,196</u>	<u>57,497</u>	<u>(42,699)</u>
Expenditures:				
Construction and development	<u>121,170</u>	<u>121,170</u>	<u>101,740</u>	<u>19,430</u>
Total expenditures	<u>121,170</u>	<u>121,170</u>	<u>101,740</u>	<u>19,430</u>
Change in fund balance	<u>\$ (20,974)</u>	<u>\$ (20,974)</u>	\$ (44,243)	<u>\$ (23,269)</u>
Fund balance (deficit) at beginning of year			<u>(57,250)</u>	
Fund balance (deficit) at end of year			<u>\$ (101,493)</u>	

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Statement of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	<u>\$ 121,170</u>	<u>\$ 121,170</u>	<u>\$ 95,085</u>	<u>\$ (26,085)</u>
Total revenues	<u>121,170</u>	<u>121,170</u>	<u>95,085</u>	<u>(26,085)</u>
Expenditures:				
Construction and development	<u>121,170</u>	<u>121,170</u>	<u>52,836</u>	<u>68,334</u>
Total expenditures	<u>121,170</u>	<u>121,170</u>	<u>52,836</u>	<u>68,334</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,249</u>	<u>\$ 42,249</u>
Fund balance (deficit) at beginning of year			<u>(99,499)</u>	
Fund balance (deficit) at end of year			<u>\$ (57,250)</u>	

CITY OF LEMON GROVE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	City Adjustments	Project Status at 6/30/24	Notes
6260	Trolley Corridor Maintenance - Bus Shelters	\$ (17,618)	\$ 17,714	\$ -	\$ (28,436)	\$ (51)	\$ (28,391)	(a)(b)
6530	Trolley Corridor Landscape Maintenance	<u>(39,632)</u>	<u>39,783</u>	<u>-</u>	<u>(73,122)</u>	<u>(131)</u>	<u>(73,102)</u>	(a)(b)
Totals		<u>\$ (57,250)</u>	<u>\$ 57,497</u>	<u>\$ -</u>	<u>\$ (101,558)</u>	<u>\$ (182)</u>	<u>\$ (101,493)</u>	

Notes

- (a) An adjustment was made by the City to reflect additional FY23 Payroll Expenditures in FY24.
- (b) The City has requested a reimbursement from MTS for the remaining project balance in FY25.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 4 Funds (TDA Funds) of the City of Lemon Grove, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
San Diego Association of Governments
San Diego, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Davis Fan".

Irvine, California
December 19, 2024

CITY OF NATIONAL CITY, CALIFORNIA
Transportation Development Act
Article 3 Fund
Financial Statements
For the Fiscal Year Ended June 30, 2024

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2024	11
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2023	12
Schedule of Status of Funds by Project	13
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 Fund ("TDA Fund") of the City of National City, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the TDA Funds as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion is not modified with respect to this matter.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplementary Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Davis Lane".

Irvine, California
December 13, 2024

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Balance Sheet

**June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3	
	2024	2023
Assets:		
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance		
Liabilities:		
Total Liabilities	<u>-</u>	<u>-</u>
Fund balance:		
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Statement of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3	
	2024	2023
Revenues:		
TDA funds	\$ -	\$ 340,336
Total revenues	-	340,336
Expenditures:		
Construction and development	-	21,407
Total expenditures	-	21,407
Change in fund balance	-	318,929
Fund balance (deficit) at beginning of year	-	(318,929)
Fund balance at end of year	\$ -	\$ -

See notes to financial statements

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 3 Fund Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of National City, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

(4) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety programs.

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(5) Contingencies

Disclosures related to contingencies including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Construction and development	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance From Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
TDA funds	\$ -	\$ -	\$ 340,336	\$ 340,336
Total revenues	<u>-</u>	<u>-</u>	<u>340,336</u>	<u>340,336</u>
Expenditures:				
Construction and development	<u>316,625</u>	<u>316,625</u>	<u>21,407</u>	<u>295,218</u>
Total expenditures	<u>316,625</u>	<u>316,625</u>	<u>21,407</u>	<u>295,218</u>
Change in fund balance	<u>\$ (316,625)</u>	<u>\$ (316,625)</u>	\$ 318,929	<u>\$ 635,554</u>
Fund balance (deficit) at beginning of year, as restated			<u>(318,929)</u>	
Fund balance at end of year			<u>\$ -</u>	

CITY OF NATIONAL CITY, CALIFORNIA

**Transportation Development Act
Article 3 Funds**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

<u>Claim Number</u>	<u>Project Description</u>	<u>Project Status at 6/30/23</u>	<u>Allocations Received</u>	<u>Interest Earned</u>	<u>Qualifying Project Expenditures</u>	<u>Project Status at 6/30/24</u>	<u>Notes</u>
19011006	National City Blvd. Intercity Bike Connections	\$ -	\$ -	\$ -	\$ -	\$ -	(a)
	Totals	\$ -	\$ -	\$ -	\$ -	\$ -	

Notes

(a) The City of National City TDA 3 Grant was completed in FY 2023.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of National City, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
San Diego Association of Governments
San Diego, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Davis Lane".

Irvine, California
December 13, 2024

CITY OF POWAY, CALIFORNIA
Transportation Development Act
Article 4 Fund
Financial Statements
For the Fiscal Year Ended June 30, 2024

CITY OF POWAY CALIFORNIA
Transportation Development Act
Article 4 Fund
Financial Statements
For the Fiscal Year Ended June 30, 2024
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2024	12
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2023	13
Schedule of Status of Funds by Project	14
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 4 Fund ("TDA Fund") of the City of Poway, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TDA Fund as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion is not modified with respect to this matter.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the TDA Funds of the City. The *Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplementary Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Irvine, California
December 13, 2024

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Balance Sheets

**June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 4	
	2024	2023
Assets:		
Cash and investments (Note 3)	\$ 368,196	\$ 364,536
Due from other governments (Note 4)	<u>29,633</u>	<u>30,194</u>
Total assets	<u>\$ 397,829</u>	<u>\$ 394,730</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable	\$ 4,272	\$ 14,950
Unearned revenue (Note 5)	<u>393,557</u>	<u>349,586</u>
Total liabilities	<u>397,829</u>	<u>364,536</u>
Deferred inflows of resources:		
Unavailable revenue (Note 6)	<u>-</u>	<u>30,194</u>
Total deferred inflows of resources	<u>-</u>	<u>30,194</u>
Fund balance:		
Unassigned	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 397,829</u>	<u>\$ 394,730</u>

See notes to financial statements

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Statement of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 4	
	2024	2023
Revenues:		
TDA funds	\$ 24,398	\$ 42,598
Miscellaneous revenue	-	8,731
Investment income	<u>7,370</u>	<u>3,624</u>
Total revenues	<u>31,768</u>	<u>54,953</u>
Expenditures:		
Salaries and benefits	3,775	4,123
Construction and development	<u>27,993</u>	<u>50,830</u>
Total expenditures	<u>31,768</u>	<u>54,953</u>
Change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 4 Fund Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of Poway, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 4 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 4 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Balance

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Article 4 Fund's cash and investments as of June 30, 2024 and 2023, respectively, was \$368,196 and \$364,536.

The TDA Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Program are those of the City and are included in the City's basic financial statements.

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(3) Cash and Investments (Continued)

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

(4) Due from Other Governments

Due from other governments in the amount of \$29,633 and \$30,194 as of June 30, 2024 and 2023, respectively, represents a receivable from SANDAG for reimbursement of eligible TDA expenditures.

(5) Unearned Revenue

TDA Article 4 monies allocated to the City by SANDAG for specific capital improvements of trolley and bus facilities are considered earned when they are properly spent for the specific projects authorized. Allocations received but not used are reported as unearned revenue. The balance of unearned revenue as of June 30, 2024 and 2023, was \$393,557 and \$355,993, respectively.

(6) Unavailable Revenue

Unavailable revenue in the amount of \$0 and \$30,194 as of June 30, 2024 and 2023, respectively, for TDA Article 4 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

(7) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

(8) Restrictions

Funds received pursuant to the California Public Utilities Code §99260 (TDA Article 4) may only be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects.

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Notes to Financial Statements

(Continued)

(9) Contingencies

Disclosures related to contingencies including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget			Variance From Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
TDA funds	\$ -	\$ -	\$ 24,398	\$ 24,398
Interest income	<u>1,500</u>	<u>1,500</u>	<u>7,370</u>	<u>5,870</u>
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>31,768</u>	<u>30,268</u>
Expenditures:				
Salaries and benefits	4,000	4,000	3,775	225
Construction and development	<u>-</u>	<u>27,994</u>	<u>27,993</u>	<u>1</u>
Total expenditures	<u>-</u>	<u>27,994</u>	<u>31,768</u>	<u>226</u>
Change in fund balance	<u>\$ 1,500</u>	<u>\$ (26,494)</u>	-	<u>\$ 30,494</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u><u>\$ -</u></u>	

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	Budget			Variance From Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
TDA funds	\$ -	\$ -	\$ 42,598	\$ 42,598
Miscellaneous revenue	-	-	8,731	8,731
Interest income	<u>5,150</u>	<u>5,150</u>	<u>3,624</u>	<u>(1,526)</u>
Total revenues	<u>5,150</u>	<u>5,150</u>	<u>54,953</u>	<u>49,803</u>
Expenditures:				
Salaries and benefits	4,000	4,000	4,123	(123)
Construction and development	<u>-</u>	<u>265,960</u>	<u>50,830</u>	<u>215,130</u>
Total expenditures	<u>4,000</u>	<u>269,960</u>	<u>54,953</u>	<u>215,007</u>
Change in fund balance	<u>\$ 1,150</u>	<u>\$ (264,810)</u>	-	<u>\$ 264,810</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ -</u>	

CITY OF POWAY, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	City Adjustments	Project Status at 6/30/24	Notes
MNT0018	Bus Stop Improvements	\$ 305,210	\$ 30,194	\$ 7,370	\$ (38,175)	\$ 50,783	\$ 355,382	(a),(b)
MSC0008	Bus Shelter Construction	50,783	-	-	-	(50,783)	-	(a)
	Totals	<u>\$ 355,993</u>	<u>\$ 30,194</u>	<u>\$ 7,370</u>	<u>\$ (38,175)</u>	<u>\$ -</u>	<u>\$ 355,382</u>	

Notes:

- (a) Project MSC008 was completed in FY23. The remaining funds have been transferred to project MNT0018.
- (b) Qualifying project expenditures includes a payment for \$6,407 paid in August 2023 related to the fiscal year ended June 30, 2023

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 4 Fund (TDA Fund) of the City of Poway, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weaknesses.

(1) Material Misstatements Detected in Financial Statements

As a result of our audit procedures, we detected a material misstatement in the financial statements. We recorded an adjusting journal entry to correct prior year expenditures which were recorded in the current fiscal year. We recommend the City carefully review expenditures to ensure they are accurately recorded in the fiscal year in which they occur, and record journal entries for expenditures which occurred in prior periods.

Management's Response to Finding

Management acknowledges the audit finding regarding prior-year invoices paid in the current fiscal year, resulting in a material journal adjustment. This issue arose primarily due to delays in submitting invoices and providing timely information for year-end accruals. To address this, stricter internal controls will be implemented to ensure prompt submission of invoices and better alignment with year-end processes. Communication will also be enhanced to prevent future delays. Management is confident these steps will resolve the issue and ensure compliance with financial reporting standards.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying financial statements. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
December 13, 2024

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2024	11
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2023	12
Schedule of Status of Funds by Project	13
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 Fund ("TDA Fund") of the City of San Diego, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TDA Funds as of June 30, 2024, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.


Board of Directors
San Diego Association of Governments
San Diego, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplemental Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Irvine, California
December 16, 2024

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Balance Sheets

**June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3	
	2024	2023
Assets:		
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance		
Liabilities:		
Total liabilities	<u>-</u>	<u>-</u>
Fund balance:		
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Statement of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3	
	2024	2023
Revenues:		
TDA funds	\$ -	\$ 97,534
Total revenues	-	97,534
Expenditures:		
Construction and development	-	1
Total expenditures	-	1
Change in fund balance	-	97,533
Fund balance (deficit) at beginning of year	-	(97,533)
Fund balance (deficit) at end of year	\$ -	\$ -

See notes to financial statements

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 3 Fund Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of San Diego, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

(4) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety programs. Funds received pursuant to the California Public Utilities Code §99260.

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Notes to Financial Statements

(Continued)

(5) Contingencies

Disclosures related to contingencies, including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplementary Information

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Statement of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Construction and development	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	\$ -	\$ -	-	\$ -
Fund balance (deficit) at beginning of year			-	
Fund balance (deficit) at end of year			\$ -	

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Statement of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 206,333	\$ 97,534	\$ 97,534	\$ -
Total revenues	<u>206,333</u>	<u>97,534</u>	<u>97,534</u>	<u>-</u>
Expenditures:				
Construction and development	<u>108,800</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total expenditures	<u>108,800</u>	<u>1</u>	<u>1</u>	<u>-</u>
Change in fund balance	<u>\$ 97,533</u>	<u>\$ 97,533</u>	\$ 97,533	<u>\$ -</u>
Fund balance (deficit) at beginning of year			<u>(97,533)</u>	
Fund balance (deficit) at end of year			<u>\$ -</u>	

CITY OF SAN DIEGO, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

Schedule of Status of Funds by Project

For the Fiscal Year Ended June 30, 2024

<u>Claim Number</u>	<u>Project Description</u>	<u>Project Status at 6/30/23</u>	<u>Allocations Received</u>	<u>Interest Earned</u>	<u>Qualifying Project Expenditures</u>	<u>Project Status at 6/30/24</u>	<u>Notes</u>
19011008	TDA-Streamview Dr. Phase 2	\$ -	\$ -	\$ -	\$ -	\$ -	(a)

Notes

(a) The City of San Diego TDA 3 Grant was completed in FY 2023.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of San Diego, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
San Diego Association of Governments
San Diego, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
December 16, 2024

CITY OF SANTEE, CALIFORNIA
Transportation Development Act
Article 3 and Article 4 Funds
Financial Statements
For the Fiscal Year Ended June 30, 2024

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balances	5
Notes to Financial Statements	6
Supplemental Information:	
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2024	12
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 3 – Year Ended June 30, 2023	13
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2024	14
Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – TDA Article 4 – Year Ended June 30, 2023	15
Schedule of Status of Funds by Project	16
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 and Article 4 Funds ("TDA Funds") of the City of Santee, California ("City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the TDA Funds as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the TDA Fund's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
San Diego Association of Governments
San Diego, California

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions are not modified with respect to this matter.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the TDA Funds of the City. The *Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual* and *Schedule of Status of Funds by Project*, listed as Supplemental Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Davis Fan".

Irvine, California
March 24, 2025

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Balance Sheets

**June 30, 2024
(with Comparative Information for the Prior Year)**

	<u>TDA Article 3</u>		<u>TDA Article 4</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets:				
Cash and investments (Note 3)	\$ -	\$ -	\$ 47	\$ 5,010
Due from other governments (Note 4)	-	12,701	-	-
Interest receivable	<u>-</u>	<u>-</u>	<u>14</u>	<u>32</u>
Total assets	<u>\$ -</u>	<u>\$ 12,701</u>	<u>\$ 61</u>	<u>\$ 5,042</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:				
Liabilities:				
Due to City of Santee (Note 5)	\$ -	\$ 12,701	\$ -	\$ -
Unearned revenue (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,167</u>
Total liabilities	<u>-</u>	<u>12,701</u>	<u>-</u>	<u>4,167</u>
Deferred inflows of resources:				
Unavailable revenue (Note 7)	<u>-</u>	<u>12,701</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>12,701</u>	<u>-</u>	<u>-</u>
Fund balance (deficit):				
Restricted	-	-	61	875
Unassigned	<u>-</u>	<u>(12,701)</u>	<u>-</u>	<u>-</u>
Total fund balance (deficit) (Note 8)	<u>-</u>	<u>(12,701)</u>	<u>61</u>	<u>875</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 12,701</u>	<u>\$ 61</u>	<u>\$ 5,042</u>

See notes to financial statements

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Statements of Revenues, Expenditures and Changes in Fund Balances

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	TDA Article 3		TDA Article 4	
	2024	2023	2024	2023
Revenues:				
TDA funds	\$ 211,493	\$ 5,788	\$ 4,379	\$ -
Total revenues	<u>211,493</u>	<u>5,788</u>	<u>4,379</u>	<u>-</u>
Expenditures:				
Construction and development	<u>198,792</u>	<u>8,092</u>	<u>5,193</u>	<u>-</u>
Total expenditures	<u>198,792</u>	<u>8,092</u>	<u>5,193</u>	<u>-</u>
Change in fund balance	12,701	(2,304)	(814)	-
Fund balance (deficit) at beginning of year	<u>(12,701)</u>	<u>(10,397)</u>	<u>875</u>	<u>875</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ (12,701)</u>	<u>\$ 61</u>	<u>\$ 875</u>

See notes to financial statements

CITY OF SANTEE, CALIFORNIA

Transportation Development Act Article 3 and Article 4 Funds

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements of the Transportation Development Act Article 3 and Article 4 Funds Activity are intended to present the financial position and changes in financial position of only those transactions attributable to the TDA Funds administered and disbursed by the City of Santee, California and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Pursuant to §99234 of the California Public Utilities Code, Article 3 monies may be used only for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (which are closed to motorized traffic) and bicycle safety education programs. Facilities that provide for the use of bicycles may include projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

Pursuant to §99260 of the California Public Utilities Code, Article 4 monies may be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects. Funding for this program was authorized by the San Diego Association of Governments (SANDAG).

(2) Summary of Significant Accounting Policies

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The TDA Funds are accounted for as Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 and 4 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 and 4 are recognized in the period when all eligibility requirements have been met.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The TDA Fund currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The TDA Fund has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, and is reported as unavailable revenue. The unavailable revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Fund Equity

The components of the fund balances of governmental funds reflect the classifications described below.

- *Nonspendable Fund Balance* – this includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes the remaining spendable amounts which are not included in one of the other classifications, plus any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Use of Estimates

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed. City Council Policy establishes the order of use of unrestricted fund balance. Committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year TDA Fund financial statements from which this selected data was derived.

(3) Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Article 4 Fund's cash and investments as of June 30, 2024 and 2023 were \$47 and \$5,010, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool, which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Program are those of the City and are included in the City's basic financial statements.

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(3) Cash and Investments (Continued)

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk and concentration risk.

(4) Due from Other Governments

Due from other governments in the amount of \$0 and \$12,701 as of June 30, 2024 and 2023, respectively, for TDA Article 3 represent receivables from SANDAG for reimbursement of eligible TDA expenditures.

(5) Due to City of Santee

Due to City of Santee in the amount of \$0 and \$12,701 as of June 30, 2024 and 2023, respectively, represents cash advanced from other funds of the City to pay for eligible TDA 3 expenditures.

(6) Unearned Revenue

TDA Article 4 monies allocated to the City by SANDAG for specific capital improvements of trolley and bus facilities are considered earned when they are properly spent for the specific projects authorized. Allocations received but not used are reported as unearned revenue. The balance of unearned revenue as of June 30, 2024 and 2023 was \$0 and \$4,167, respectively.

(7) Unavailable Revenue

Unavailable revenue in the amount of \$0 and \$12,701 as of June 30, 2024 and 2023, respectively, for TDA Article 3 represents a receivable from SANDAG for eligible TDA expenditures which were not received within the City's availability period.

(8) Deficit Fund Balance

The TDA 3 Fund reported a deficit fund balance \$12,701 as of June 30, 2023. This deficit fund balance was cured during the year ending June 30, 2024, with the receipt of TDA 3 funds as reimbursement for eligible expenditures.

(9) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 and Article 4 Funds**

Notes to Financial Statements

(Continued)

(10) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety programs. Funds received pursuant to the California Public Utilities Code §99260 (TDA Article 4) may only be used for the support of public transportation systems, aid to public transportation research and demonstration projects, and contributions for the construction of grade separation projects.

(11) Contingencies

Disclosures related to contingencies including those related to various legal actions, administrative proceedings, or claims in the ordinary course of operations, can be found in the audited financial statements of the City.

Supplemental Information

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 198,790	\$ 198,790	\$ 211,493	\$ 12,703
Total revenues	198,790	198,790	211,493	12,703
Expenditures:				
Construction and development	198,790	198,790	198,792	(2)
Total expenditures	198,790	198,790	198,792	(2)
Change in fund balance	\$ -	\$ -	12,701	\$ 12,701
Fund balance (deficit) at beginning of year			(12,701)	
Fund balance (deficit) at end of year			\$ -	

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 3 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 225,661	\$ 225,661	\$ 5,788	\$ (219,873)
Total revenues	225,661	225,661	5,788	(219,873)
Expenditures:				
Construction and development	214,805	214,805	8,092	206,713
Total expenditures	214,805	214,805	8,092	206,713
Change in fund balance	<u>\$ 10,856</u>	<u>\$ 10,856</u>	(2,304)	<u>\$ (13,160)</u>
Fund balance (deficit) at beginning of year			<u>(10,397)</u>	
Fund balance (deficit) at end of year			<u>\$ (12,701)</u>	

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 4,240	\$ 4,240	\$ 4,379	\$ 139
Total revenues	4,240	4,240	4,379	139
Expenditures:				
Construction and development	5,193	5,193	5,193	-
Total expenditures	5,193	5,193	5,193	-
Change in fund balance	<u>\$ (953)</u>	<u>\$ (953)</u>	(814)	<u>\$ 139</u>
Fund balance (deficit) at beginning of year			<u>875</u>	
Fund balance (deficit) at end of year			<u>\$ 61</u>	

CITY OF SANTEE, CALIFORNIA

**Transportation Development Act
Article 4 Fund**

**Schedule of Revenues, Expenditures and
and Change in Fund Balance - Budget and Actual**

For the Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA funds	\$ 4,240	\$ 4,240	\$ -	\$ (4,240)
Total revenues	4,240	4,240	-	(4,240)
Expenditures:				
Construction and development	4,240	4,240	-	4,240
Total expenditures	4,240	4,240	-	4,240
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance (deficit) at beginning of year			<u>875</u>	
Fund balance (deficit) at end of year			<u>\$ 875</u>	

CITY OF SANTEE, CALIFORNIA
Transportation Development Act
Article 3 and Article 4 Funds
Schedule of Status of Funds by Project
For the Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Earned	Qualifying Project Expenditures	Project Status at 6/30/24	Notes
Article 3:							
19011009	Prospect Ave & Mesa Rd Intersection Imp	\$ (12,701)	\$ 211,493	\$ -	\$ (198,792)	\$ -	
Article 4:							
2012-40	Clock Tower Upgrades	<u>4,240</u>	<u>953</u>	<u>-</u>	<u>(5,193)</u>	<u>-</u>	
	Totals	<u>\$ (8,461)</u>	<u>\$ 212,446</u>	<u>\$ -</u>	<u>\$ (203,985)</u>	<u>\$ -</u>	

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act (TDA) Article 3 and Article 4 Funds (TDA Funds) of the City of Santee, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's TDA Fund financial statements, and have issued our report thereon dated March 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6666 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
March 24, 2025

**FULL ACCESS & COORDINATED
TRANSPORTATION, INC.**

**Transportation Development Act
Article 4.5 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

**FULL ACCESS & COORDINATED
TRANSPORTATION, INC.**

**Transportation Development Act
Article 4.5 Fund**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 4.5 Funds ("TDA Fund") of the Consolidated Transportation Services Agency ("CTSA") Program of Full Access & Coordinated Transportation, Inc. ("FACT"), which comprise the statements of financial position as of and for the year ended June 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise FACT's TDA Fund financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the TDA Fund as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FACT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund of FACT and do not purport to, and do not, present fairly the financial position of FACT, as of June 30, 2024, the changes in its financial position, or its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

FACT's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant

to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FACT's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FACT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FACT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the TDA Fund's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
San Diego Association of Governments
San Diego, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of FACT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FACT's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Davis Lane".

Irvine, California
December 19, 2024

FULL ACCESS & COORDINATED TRANSPORTATION, INC.

**Transportation Development Act
Article 4.5 Fund**

Statement of Financial Position

**June 30, 2024
(with Comparative Information for the Prior Year)**

	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents (Note 3)	<u>\$ 263,253</u>	<u>\$ 272,993</u>
Total assets	<u>\$ 263,253</u>	<u>\$ 272,993</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 23,893	\$ 8,220
Net assets:		
With donor restrictions	<u>239,360</u>	<u>264,773</u>
Total liabilities and net assets	<u>\$ 263,253</u>	<u>\$ 272,993</u>

See accompanying notes to financial statements

FULL ACCESS & COORDINATED TRANSPORTATION, INC.

**Transportation Development Act
Article 4.5 Fund**

Statements of Activities and Changes in Net Assets

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	<u>2024</u>	<u>2023</u>
Changes in Net Assets without Donor Restrictions		
Net assets released from donor restriction	\$ 220,432	\$ 126,563
Expenses		
Program expenses (Note 5)	<u>220,432</u>	<u>126,563</u>
Change in Unrestricted Net Assets	<u>-</u>	<u>-</u>
Changes in Net Assets with Donor Restrictions		
TDA Article 4.5 allocation	195,019	188,798
Restrictions satisfied by payments	<u>(220,432)</u>	<u>(126,563)</u>
Change in Net Assets with donor restrictions	<u>(25,413)</u>	<u>62,235</u>
Change in Net Assets	<u>(25,413)</u>	<u>62,235</u>
Net Assets at beginning of year	<u>264,773</u>	<u>202,538</u>
Net Assets at end of year	<u>\$ 239,360</u>	<u>\$ 264,773</u>

See accompanying notes to financial statements

FULL ACCESS & COORDINATED TRANSPORTATION, INC.

**Transportation Development Act
Article 4.5 Fund**

Statement of Cash Flows

**For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (25,413)	\$ 62,235
Adjustments to reconcile change in net assets to net cash from operating activities		
Due from other government	-	51,015
Accounts payable	<u>15,673</u>	<u>(1,134)</u>
Net cash used in operating activities	(9,740)	112,116
Cash at beginning of year	\$ <u>272,993</u>	\$ <u>160,877</u>
Cash at end of year	\$ <u><u>263,253</u></u>	\$ <u><u>272,993</u></u>

There were no noncash capital, investing and financing activities for fiscal year ending June 30, 2024 and 2023.

See accompanying notes to financial statements

**FULL ACCESS & COORDINATED
TRANSPORTATION, INC.**

**Transportation Development Act
Article 4.5 Fund**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The financial statements are intended to present the financial position and changes in financial position for the Transportation Development Act ("TDA") Article 4.5 Fund ("TDA Fund") of the Consolidated Transportation Services Agency ("CTSA") program of Full Access & Coordinated Transportation, Inc. ("FACT") only. The financial statements do not purport to, and do not, present fairly the financial position of FACT, the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

FACT, a California not-for-profit organization, was organized and incorporated in February 2006 under the Nonprofit Public Benefit Corporation Law, for the purpose of coordinating transportation services in the North San Diego County area. FACT is recognized by both the Internal Revenue Service (IRS) and the California Franchise Tax Board as an organization exempt from income taxes. FACT is governed by a Board of Directors of nine members.

Pursuant to §99275 of the California Public Utilities Code, Article 4.5 monies may be used only for community transit services, including such services for those, such as the disabled, who cannot use conventional transit services. Community transit services is defined as transportation services which link intracommunity origins and destinations.

(2) Summary of Significant Accounting Policies

Fund Accounting

CTSA is a state-mandated program to coordinate social service agency transportation programs and is funded by Article 4.5 of the TDA. The financial statements of the TDA Article 4.5 funding for the CTSA Program of FACT are intended to present the financial position and changes in financial position of only those transactions attributable to TDA funds distributed by the San Diego Association of Governments (SANDAG). The financial statements of the CTSA Program are included in the financial statements of FACT.

The financial statements of the CTSA Program have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standards setting body for establishing accounting and financial reporting principles.

Measurement Focus and Basis of Accounting

The financial activities of the CTSA Program are maintained on the accrual basis of accounting. Revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

**FULL ACCESS & COORDINATED
TRANSPORTATION, INC.**

**Transportation Development Act
Article 4.5 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The timing of revenue recognition for grants received from governments by not-for-profit organizations is dependent upon whether the grant is received in the form of an exchange transaction or a contribution. TDA funds received from SANDAG are classified as contributions. TDA funds represent contributions if the resource provider receives no value in exchange for the assets transferred, or if the value received is incidental to the potential benefit to be provided by using the assets. Contributions are recognized as revenues once they are available and unconditional.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets with donor restrictions consist of funds received pursuant to the provisions of TDA Article 4.5, which may only be used for technical assistance for coordination of transportation services for health and human services.

Income Taxes

FACT has been recognized by the IRS as a not-for-profit corporation as described in §501(c)(3) of the IRC and is exempt from federal and state income taxes on related income pursuant to §501(a) of the IRC and California Revenue and Taxation Code §23701d.

**FULL ACCESS & COORDINATED
TRANSPORTATION, INC.**

**Transportation Development Act
Article 4.5 Fund**

Notes to Financial Statements

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FACT's prior year TDA Fund financial statements from which this selected data was derived.

(3) Cash and Cash Equivalents

The CTSA Program's cash is pooled with FACT and is accounted for in a business checking account which is Federal Depository Insurance Commission (FDIC) insured. As of June 30, 2024 and 2023, the CTSA Program's total cash balance was \$263,253 and \$272,993, respectively. For the purpose of the Statement of Cash Flows, FACT considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(4) Liquidity and Availability of Funds

Financial assets available for expenditure within one year of the balance sheet date, are estimated to be the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$263,253	\$272,993
Total assets available	\$263,253	\$272,993

FACT does not have a formal liquidity management policy in place.

(5) Functional Expenses

Functional expenses for FACT include only program expenses of the TDA fund, as included on the Statement of Activities and Changes in Net Assets.

**FULL ACCESS & COORDINATED
TRANSPORTATION, INC.**

**Transportation Development Act
Article 4.5 Fund**

Notes to Financial Statements

(Continued)

(5) Functional Expenses (Continued)

Natural expense classification for the years ended June 30, are as follows:

	<u>2024</u>	<u>2023</u>
Payroll services	\$ 45,235	\$ 6,555
Contracted services	3,179	8,226
Operations	146,263	85,126
Travel and meetings	19,317	20,444
Other	<u>6,438</u>	<u>6,212</u>
Total program expenses	<u>\$220,432</u>	<u>\$126,563</u>

(6) Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements. Management has performed their analysis through December 19, 2024, the date the financial statements were available to be issued.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Transportation Development Act ("TDA") Article 4.5 Fund ("TDA Fund") of Full Access & Coordinated Transportation, Inc. ("FACT"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise FACT's TDA Fund financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FACT's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FACT's internal control. Accordingly, we do not express an opinion on the effectiveness of FACT's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weaknesses.

(1) Material Misstatements Detected in Financial Statements

As a result of our audit procedures, we detected material misstatements in the financial statements. We recorded an adjusting journal entry to correct a missposting of accounts payable from a receivable to a payable and to correct beginning equity. We recommend FACT carefully review account balances and journal entries to ensure they are accurately recorded.

Management's Respond to Finding

Management is putting in controls to make sure the accounts receivable and accounts payable entries are appropriately categorized before submitting the financials for audit.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of FACT are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6667 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6667 of Part 21 of the California Code of Regulations.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the FACT's response to the findings identified in our engagement and described in the accompanying financial statements. FACT's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
December 19, 2024

**SAN DIEGO ASSOCIATION OF GOVERNMENTS
SAN DIEGO, CALIFORNIA**

**Report on Agreed Upon Procedures
Applied to the Transportation Development Act
Year Ended June 30, 2024**

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

Board of Directors
San Diego Association of Governments
San Diego, California

We have performed the procedures enumerated below, in reviewing the San Diego Association of Governments' (SANDAG's) compliance with applicable laws, rules, and regulations pursuant to Articles 3 and 4 of the Transportation Development Act (TDA), and California Government Code §8879.50 for the year ended June 30, 2024. SANDAG's management is responsible for maintenance of the accounting records and for the compliance with the applicable laws, rules, and regulations pursuant to Articles 3 and 4 of the TDA and California Government Code §8879.50.

SANDAG has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance with applicable laws, rules, and regulations pursuant to Articles 3 and 4 of the Transportation Development Act (TDA), and California Government Code §8879.50 for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and the results of those procedures were as follows:

1. We read Article 3, §99233.2 and §99233.5, Article 4 §99262 and Senate Bill (SB) 1703 to determine whether, as the Regional Transportation Planning Agency (RTPA) and the Consolidated Agency for planning and programming functions of the San Diego Metropolitan Transit System (MTS) and the North County Transit District (NCTD), SANDAG's functions are consistent with functions required for funding eligibility. Specifically, we determined that SANDAG's organizational structure meets the following criteria:
 - a. Article 3- 29532 – SANDAG is a council of governments, and an election has not been made pursuant to Section 29536 to form a local transportation commission.
 - b. PUC Section 99233.5 – SANDAG carries out administrative and planning powers, duties, and functions and construction and acquisition programs in accordance with Article 4 (commencing with Section 132353) of Chapter 3 of Division 12.7.
 - c. PUC Section 99262 - Claims for public transportation systems may include claims for money for all purposes necessary and convenient to the development and operation of the system, including planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles (including those usable by disabled persons), and system operation, maintenance, and repair, payment for any of which purposes may take the form of direct expenditures or payment of principal and interest on equipment trust certificates, bonded or

other indebtedness, or any amounts in accomplishment of a defeasance of any outstanding revenue bond indenture.

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

2. We obtained from SANDAG the Schedule of Status of Funds by Project ("Schedule") for the TDA program for the year ended June 30, 2024, and a listing of underlying invoices, and agreed the listing of invoices to the Schedule.

Results: No exceptions were noted as a result of our procedures. See Schedule A for the Schedule of Status of Funds by Project.

3. We judgmentally selected a sample of expenditures representing at least 25% of funds spent from the listing of expenditures provided and determined whether the expenditures per the selected invoices were eligible costs as per Article 3 (§99233.2 and §99233.5), Article 4 (§99262), and California Government Code §8879.50 for the year ended June 30, 2024.

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

4. We determined that SANDAG, as a TDA claimant, submitted a fiscal and compliance audit report within 180 days after the end of the fiscal year or within the extension period (if applicable) of up to an additional 90 days, per §6664 of part 21 of the California Code of Regulations.

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

We were engaged by SANDAG to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on SANDAG's accounting records. 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 management of SANDAG and is not intended to be and should not be used by anyone other than those specified parties.



Irvine, California
March 24, 2025

SAN DIEGO ASSOCIATION OF GOVERNMENTS

TRANSPORTATION DEVELOPMENT ACT

Schedule of Findings and Recommendations

Year Ended June 30, 2024

A. Current Year Findings and Recommendations

No findings or recommendations were noted for the year ended June 30, 2024.

B. Prior Year Findings and Recommendations

No findings or recommendations were noted for the year ended June 30, 2023.

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

Transportation Development Act
Schedule of Status of Funds by Project
Fiscal Year Ended June 30, 2024

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Received	Qualifying Project Expenditures	Agency Adjustments	Project Status at 6/30/24	Notes
Transportation Development Act:								
Administration:								
24051000	Administration	\$ -	\$ 566,483	\$ -	\$ (566,483)	\$ -	\$ -	
	Total Administration	-	566,483	-	(566,483)	-	-	
Article 3:								
16011000	North Park/Mid-City Bikeways:Robinson Bikeway	452,281	-	-	(360,845)	-	91,436	
24011000	Pershing Drive Bikeway	-	2,979,972	-	(2,979,972)	-	-	
	Total Article 3	452,281	2,979,972	-	(3,340,817)	-	91,436	
Article 4:								
Capital Transfer from MTS:								
250/2002	Article 4 (Transfer from MTS)	258,439	-	-	-	-	258,439	
253/2003	Article 4 (Transfer from MTS)	11,993	-	-	-	-	11,993	
256/2004	Article 4 (Transfer from MTS)	52,509	-	-	-	-	52,509	
06031005	Article 4 (Transfer from MTS)	50,503	-	-	-	-	50,503	
08031005	Article 4 (Transfer from MTS)	5,000	-	-	-	-	5,000	
09031004	Article 4 (Transfer from MTS)	19,972	-	-	-	-	19,972	
10031004	Article 4 (Transfer from MTS)	10,548	-	-	(10,548)	-	-	
17031004	Article 4 (Transfer from MTS)	92,948	-	-	-	-	92,948	
18031004	Article 4 (Transfer from MTS)	133,364	-	-	(3,273)	-	130,091	
21031004	Article 4 (Transfer from MTS)	236,476	-	-	(60,452)	-	176,024	
22031004	Article 4 (Transfer from MTS)	355,453	-	-	(67,815)	-	287,638	
24031004	Article 4 (Transfer from MTS)	-	278,570	-	(278,570)	-	-	
	Total Capital Transfer from MTS	1,227,205	278,570	-	(420,658)	-	1,085,117	
	Subtotal Article 4	1,227,205	278,570	-	(420,658)	-	1,085,117	

(Continued)

SCHEDULE A

SAN DIEGO ASSOCIATION OF GOVERNMENTS

Transportation Development Act
Schedule of Status of Funds by Project
Fiscal Year Ended June 30, 2024
(Continued)

Claim Number	Project Description	Project Status at 6/30/23	Allocations Received	Interest Received	Qualifying Project Expenditures	Agency Adjustments	Project Status at 6/30/24	Notes
	Balance carried forward	\$ 1,227,205	\$ 278,570	\$ -	\$ (420,658)	\$ -	\$ 1,085,117	
	Transfer from MTS/NCTD:							
261/2005	Article 4 (Transfer from MTS/NCTD)	105,661	-	-	-	-	105,661	
	Total Transfer from MTS/NCTD	105,661	-	-	-	-	105,661	
	Capital Transfer from NCTD:							
14041002	Article 4 (Transfer from NCTD)	176,872	-	-	-	-	176,872	
15041002	Article 4 (Transfer from NCTD)	25,773	-	-	-	-	25,773	
19041002	Article 4 (Transfer from NCTD)	288,428	-	-	(115,649)	-	172,779	
	Total Capital Transfer from NCTD	491,073	-	-	(115,649)	-	375,424	
	Administrative/Planning Transfers:							
24031004	Article 4 (Transfer from MTS)	-	2,651,202	-	(2,651,202)	-	-	
24041002	Article 4 (Transfer from NCTD)	-	898,040	-	(898,040)	-	-	
	Total Administrative/Planning Transfers	-	3,549,242	-	(3,549,242)	-	-	
	Total Article 4	1,823,939	3,827,812	-	(4,085,549)	-	1,566,202	
	SANDAG 3% Planning:							
20051001	SANDAG 3% Planning	1,849,793	-	-	(578,984)	-	1,270,809	
21051001	SANDAG 3% Planning	4,456,514	-	-	-	-	4,456,514	
22051001	SANDAG 3% Planning	5,665,429	-	-	-	-	5,665,429	
23051001	SANDAG 3% Planning	5,958,273	-	-	-	-	5,958,273	
24051001	SANDAG 3% Planning	-	6,154,596	-	-	-	6,154,596	
	Total SANDAG 3% Planning	17,930,009	6,154,596	-	(578,984)	-	23,505,621	
	Total Transportation Development Act	\$ 20,206,229	\$ 13,528,863	\$ -	\$ (8,571,833)	\$ -	\$ 25,163,259	

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego
Financial Statements
For the Fiscal Year Ended June 30, 2024

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Fiduciary Net Position	4
Statements of Changes in Fiduciary Net Position	5
Notes to Financial Statements	6
Supplemental Information:	
Schedule of Disbursements By Purpose	10
Schedule of Claims and Disbursements By Purpose	11
Notes to Supplemental Information	13
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Local Transportation Fund (LTF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego ("County") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the LTF financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LTF of the County, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the LTF of the County and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2024, the changes in its financial position, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the LTF 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
San Diego Association of Governments
San Diego, California

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements of LTF of the County. The *Schedule of Disbursements by Purpose* and *Schedule of Claims and Disbursements by Purpose*, listed as Supplemental Information in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Davis Lane" followed by a stylized flourish.

Irvine, California
December 19, 2024

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego

Statement of Fiduciary Net Position

June 30, 2024
(with Comparative Information for the Prior Year)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and investments	\$ 21,632,931	\$ 24,991,012
Sales tax receivable	35,639,279	35,008,349
Interest receivable	<u>159,383</u>	<u>118,369</u>
Total assets	<u>\$ 57,431,593</u>	<u>\$ 60,117,730</u>
<u>Net Position</u>		
Held in trust for Local Transportation Fund claimants	<u>\$ 57,431,593</u>	<u>\$ 60,117,730</u>
Total net position	<u>\$ 57,431,593</u>	<u>\$ 60,117,730</u>

See notes to financial statements

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)

	<u>2024</u>	<u>2023</u>
<u>Additions</u>		
Sales tax	\$ 202,412,486	\$ 202,421,834
Interest	<u>250,713</u>	<u>384,300</u>
Total Additions	<u>202,663,199</u>	<u>202,806,134</u>
 <u>Deductions</u>		
Administration and planning	6,771,079	6,569,236
Pedestrian and bicycle	3,559,613	6,414,578
Public transportation	183,836,477	178,145,163
Community transit service	9,750,932	9,439,890
Multi-modal	<u>1,431,235</u>	<u>1,212,749</u>
Total Deductions	<u>205,349,336</u>	<u>201,781,616</u>
 Change in net position	(2,686,137)	1,024,518
Net position at the beginning of the year	<u>60,117,730</u>	<u>59,093,212</u>
Net position at the end of the year	<u>\$ 57,431,593</u>	<u>\$ 60,117,730</u>

See notes to financial statements .

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The Local Transportation Fund (LTF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego (County) was created pursuant to §29530, Article 11 of Chapter 2 of Division 3 of Title 3 of the Government Code. As such, the LTF receives monies allocated pursuant to the Transportation Development Act (TDA). The funds are disbursed in accordance with allocation instructions received from the San Diego Association of Governments (SANDAG). The County acts as the trustee of the LTF.

Reporting Entity

Only the accounts of the LTF are included in these financial statements. Consequently, these financial statements do not represent the financial position, change in financial position or cash flows of the County. The accounts of the LTF have been presented in the County's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position within the Investment Trust Funds.

(2) Summary of Significant Accounting Policies

The accounting policies of the LTF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Basis of Accounting

The LTF financial statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position and are reported using the economic resources measurement focus and the accrual basis of accounting.

Net Position Policy

When both restricted and unrestricted resources are available for use, the policy is to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(Continued)

statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's prior year LTF financial statements from which this selected data was derived.

(3) Cash and Investments

The County has pooled its cash and investments. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The LTF's cash and investments as of June 30, 2024 were \$21,632,931.

The LTF's cash is held in the County's external investment pool, which is reported at fair value. Interest income is allocated on the basis of average daily cash balances. Investment policies and associated risk factors applicable to the LTF are those of the County and are included in the County's basic financial statements.

Governmental Accounting Standards Board Statement No. 72 (GASB 72) Fair Value Measurement and Application establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

Investments not measured at fair value continue to include, for example, money market mutual funds which are valued at net asset value - \$1 dollar per share (amortized cost).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement.

The LTF categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(Continued)

(3) Cash and Investments (Continued)

Deposits and withdrawals in the County's cash and investment pool are made on the basis of \$1 and not fair value. Accordingly, the LTF's proportionate share of investments in the pool at June 30, 2024, of \$21,632,931 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input on the GASB Statement No. 72 fair value hierarchy.

SUPPLEMENTAL INFORMATION

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego

Schedule of Disbursements by Purpose

For the Fiscal Year Ended June 30, 2024

Agency	Administration and Planning	Article 3 Pedestrian and Bicycle	Article 4 Public Transportation	Article 4.5 Community Transit Services	Article 8 Multi-Modal	Total
City of Carlsbad	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Chula Vista	-	-	-	-	-	-
City of Coronado	-	-	-	-	-	-
City of Del Mar	-	-	-	-	-	-
City of El Cajon	-	67,740	-	-	-	67,740
City of Encinitas	-	-	-	-	-	-
City of Escondido	-	300,408	-	-	-	300,408
City of Imperial Beach	-	-	-	-	-	-
City of La Mesa	-	-	-	-	-	-
City of Lemon Grove	-	-	-	-	-	-
City of National City	-	-	-	-	-	-
City of Oceanside	-	-	-	-	-	-
City of Poway	-	-	-	-	-	-
City of San Diego	-	-	-	-	-	-
City of San Marcos	-	-	-	-	-	-
City of Santee	-	211,493	-	-	-	211,493
City of Solana Beach	-	-	-	-	-	-
City of Vista	-	-	-	-	-	-
Consolidated Transportation Service Agency (CTSA)	-	-	-	195,019	-	195,019
County of San Diego (COSD)	50,000	-	-	-	-	50,000
Metropolitan Transit System (MTS)	-	-	127,292,404	6,790,544	1,431,235	135,514,183
North County Transit District (NCTD)	-	-	52,716,261	2,765,369	-	55,481,630
San Diego Association of Governments (SANDAG)	6,721,079	2,979,972	3,827,812	-	-	13,528,863
Total Disbursements	\$ 6,771,079	\$ 3,559,613	\$ 183,836,477	\$ 9,750,932	\$ 1,431,235	\$ 205,349,336

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego

Schedule of Claims and Disbursements by Purpose

For the Fiscal Year Ended June 30, 2024

Claimant	Claim Year	Claim No.	Allocation Balance 6/30/2023	Current Year Claims	Adjustments Authorized	Disbursements	Allocation Balance 6/30/2024
Administration:							
County of San Diego	2024	24021000	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -
San Diego Association of Governments	2024	24051000	-	566,483	-	566,483	-
San Diego Association of Governments	2024	24051001	-	6,154,596	-	6,154,596	-
Total Administration			<u>\$ -</u>	<u>\$ 6,771,079</u>	<u>\$ -</u>	<u>\$ 6,771,079</u>	<u>\$ -</u>
Article 3:							
Various	2008	8011012	\$ 151,221	\$ -	\$ -	\$ -	\$ 151,221
San Diego Association Of Governments	2010	10011012	50,000	-	-	-	50,000
City Of Escondido	2016	16011005	300,408	-	-	300,408	-
City Of Santee	2016	16011007	43	-	-	-	43
City Of Chula Vista	2017	17011001	36,383	-	-	-	36,383
City Of Lemon Grove	2017	17011002	20,744	-	-	-	20,744
City Of El Cajon	2019	19011001	67,740	-	-	67,740	-
City Of El Cajon	2019	19011002	33,796	-	-	-	33,796
City Of La Mesa	2019	19011003	40,462	-	-	-	40,462
City Of La Mesa	2019	19011004	-	-	-	-	-
City Of National City	2019	19011005	-	-	-	-	-
City Of National City	2019	19011006	-	-	-	-	-
City Of Oceanside	2019	19011007	892	-	-	-	892
City Of San Diego	2019	19011008	108,799	-	-	-	108,799
City Of Santee	2019	19011009	211,493	-	-	211,493	-
City Of Solana Beach	2019	19011010	18,944	-	-	-	18,944
San Diego Association Of Governments	2024	24011000	-	2,979,972	-	2,979,972	-
Total Article 3			<u>\$ 1,040,925</u>	<u>\$ 2,979,972</u>	<u>\$ -</u>	<u>\$ 3,559,613</u>	<u>\$ 461,284</u>

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego

Schedule of Claims and Disbursements by Purpose

For the Fiscal Year Ended June 30, 2024

(Continued)

Claimant	Claim Year	Claim No.	Allocation Balance 6/30/2023	Current Year Claims	Adjustments Authorized	Disbursements	Allocation Balance 6/30/2024
Article 4:							
Metropolitan Transit System	2003	253	\$ 36,639	\$ -	\$ -	\$ -	\$ 36,639
Metropolitan Transit System	2024	24031000	-	127,292,404	-	127,292,404	-
North County Transit District	2024	24041000	-	52,716,261	-	52,716,261	-
San Diego Association of Governments	2024	24031004	-	2,929,772	-	2,929,772	-
San Diego Association of Governments	2024	24041002	-	898,040	-	898,040	-
Total Article 4			<u>\$ 36,639</u>	<u>\$ 183,836,477</u>	<u>\$ -</u>	<u>\$ 183,836,477</u>	<u>\$ 36,639</u>
Article 4.5:							
Metropolitan Transit System	2024	24031001	\$ -	\$ 6,790,544	\$ -	\$ 6,790,544	\$ -
North County Transit District	2024	24041001	-	2,765,369	-	2,765,369	-
Consolidated Transportation Service Agency	2024	24061000	-	195,019	-	195,019	-
Total Article 4.5			<u>\$ -</u>	<u>\$ 9,750,932</u>	<u>\$ -</u>	<u>\$ 9,750,932</u>	<u>\$ -</u>
Article 8:							
Metropolitan Transit System	2024	24031002	\$ -	\$ 1,107,922	\$ -	\$ 1,107,922	\$ -
Metropolitan Transit System	2024	24031003	-	323,313	-	323,313	-
Total Article 8			<u>\$ -</u>	<u>\$ 1,431,235</u>	<u>\$ -</u>	<u>\$ 1,431,235</u>	<u>\$ -</u>
Total Local Transportation Fund			<u>\$ 1,077,564</u>	<u>\$ 204,769,695</u>	<u>\$ -</u>	<u>\$ 205,349,336</u>	<u>\$ 497,923</u>

Local Transportation Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Note to Supplemental Information

For the Fiscal Year Ended June 30, 2024

(1) Supplemental Information

The balance of net position at June 30, 2024, in the amount of \$57,431,593 as indicated in the Statement of Fiduciary Net Position differs from the allocation balance at June 30, 2024, in the amount of \$497,923 as indicated in the Schedule of Claims and Disbursements by Purpose (Schedule) by \$56,933,670. Annual "Current Year Claims" reflected in the Schedule are derived based on the previous year's unallocated net position and the proposed use of estimated sales tax revenues to be derived for that fiscal year. The balance of any remaining "Current Year Claims" (plus or minus authorized adjustments and actual disbursements) plus any remaining allocation balances are carried forward to become the next fiscal year's beginning allocation balance on the Schedule. However, in the Statement of Changes in Fiduciary Net Position, the Net Position balance is only affected by actual additions (sales tax derived and interest earned) and deductions (disbursements) incurred by the fund during the year.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Local Transportation Fund (LTF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego ("County") for Transportation Development Act (TDA) funds maintained and disbursed by the County as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's LTF financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
San Diego Association of Governments
San Diego, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the County's LTF are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6661 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6661 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Fan".

Irvine, California
December 19, 2024

State Transit Assistance Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego
Financial Statements
For the Fiscal Year Ended June 30, 2024

State Transit Assistance Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Fiduciary Net Position	4
Statements of Changes in Fiduciary Net Position	5
Notes to Financial Statements	6
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State Transit Assistance Fund (STAF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego ("County") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the STAF financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the STAF of the County, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the STAF of the County and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2024, the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the financial statements for STAF for the year ended June 30, 2023, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
San Diego Association of Governments
San Diego, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Irvine, California
December 19, 2024

State Transit Assistance Fund

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego**

Statement of Fiduciary Net Position

June 30, 2024
(with Comparative Information for the Prior Year)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and Investments	\$ 116,906	\$ 72,920
Interest Receivable	6,663	6,211
Sales Tax Receivable	<u>4,266,481</u>	<u>4,342,085</u>
Total Assets	<u>4,390,050</u>	<u>4,421,216</u>
<u>Liabilities</u>		
Accounts Payable - North County Transit District	<u>4,266,481</u>	<u>4,342,085</u>
Total Liabilities	<u>4,266,481</u>	<u>4,342,085</u>
<u>Net Position</u>		
Held in Trust for State Transit Assistance Claimants	<u>123,569</u>	<u>79,131</u>
Total Net Position	<u>\$ 123,569</u>	<u>\$ 79,131</u>

See notes to financial statements

State Transit Assistance Fund

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego**

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)

	<u>2024</u>	<u>2023</u>
<u>Additions:</u>		
Sales Tax	\$ 15,857,426	\$ 17,344,635
Interest	<u>44,438</u>	<u>27,347</u>
Total Additions	<u>15,901,864</u>	<u>17,371,982</u>
 <u>Deductions</u>		
Operating Costs	<u>15,857,426</u>	<u>17,344,635</u>
Total Deductions	<u>15,857,426</u>	<u>17,344,635</u>
 Change in Net Position	44,438	27,347
Net Position at the Beginning of the Year	<u>79,131</u>	<u>51,784</u>
 Net Position at the End of the Year	<u>\$ 123,569</u>	<u>\$ 79,131</u>

See notes to financial statements

State Transit Assistance Fund

A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund By the County of San Diego

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The State Transit Assistance Fund (STAF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego (County) was created pursuant to §99313.6, Article 6.5 of the Public Utilities Code. This fund receives monies allocated for the purposes of state transit assistance and are disbursed in accordance with allocation instructions received from the San Diego Association of Governments (SANDAG). The County acts as the trustee of the STAF.

Reporting Entity

Only the accounts of the STAF are included in these financial statements. Consequently, these financial statements do not represent the financial position, change in financial position or cash flows of the County. The accounts of the STAF have been presented in the County's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position within the Investment Trust Funds.

(2) Summary of Significant Accounting Policies

The accounting policies of the STAF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Basis of Accounting

The STAF financial statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position and are reported using the economic resources measurement focus and the accrual basis of accounting.

Net Position Policy

When both restricted and unrestricted resources are available for use, the policy is to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

State Transit Assistance Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's prior year STAF financial statements from which this selected data was derived.

(3) Cash and Investments

The County has pooled its cash and investments. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The STAF's cash and investments as of June 30, 2024 was \$116,906.

The STAF's cash is held in the County's external investment pool, which is reported at fair value. Interest income is allocated on the basis of average daily cash balances. Investment policies and associated risk factors applicable to the STAF are those of the County and are included in the County's basic financial statements.

Governmental Accounting Standards Board Statement No. 72 (GASB 72) Fair Value Measurement and Application establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

Investments not measured at fair value continue to include, for example, money market mutual funds which are valued at net asset value - \$1 dollar per share (amortized cost).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement.

State Transit Assistance Fund
A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(Continued)

(3) Cash and Investments (Continued)

The STAF categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

Deposits and withdrawals in the County's cash and investment pool are made on the basis of \$1 and not fair value. Accordingly, the STAF's proportionate share of investments in the pool at June 30, 2024, of \$116,906 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input on the GASB Statement No. 72 fair value hierarchy.

(4) State of Good Repair

Total State of Good Repair (SGR) funds received for the year totals \$1,982,349 consisting of \$1,594,205 for PUC Section 99313 and \$388,144 for PUC Section 99314. Total expenditures and transfers out are \$1,594,205 and \$388,144 for PUC Sections 99313 and 99314 respectively.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the State Transit Assistance Fund (STAF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego (“County”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County’s STAF financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the County's STAF are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6750 and §6751 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6750 and §6751 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
December 19, 2024

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego**

Financial Statements

For the Fiscal Year Ended June 30, 2024

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego**

Financial Statements

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Fiduciary Net Position	4
Statements of Changes in Fiduciary Net Position	5
Notes to Financial Statements	6
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the San Diego Metropolitan Transit System (MTS) State Transit Assistance Fund (STAF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego ("County") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the MTS STAF financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the MTS STAF of the County, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the MTS STAF of the County and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2024, the changes in its financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the financial statements of MTS STAF for the year ended June 30, 2023, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
San Diego Association of Governments
San Diego, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Davis Lane".

Irvine, California
December 19, 2024

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego**

Statement of Fiduciary Net Position

June 30, 2024
(with Comparative Information for the Prior Year)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and Investments	\$ 263,776	\$ 91,244
Interest Receivable	17,022	16,383
Sales Tax Receivable	<u>11,736,753</u>	<u>12,128,897</u>
Total Assets	<u>12,017,551</u>	<u>12,236,524</u>
<u>Liabilities</u>		
Accounts Payable - Metropolitan Transit System	<u>11,736,753</u>	<u>12,128,898</u>
Total Liabilities	<u>11,736,753</u>	<u>12,128,898</u>
<u>Net Position</u>		
Held in Trust for State Transit Assistance Claimants	<u>280,798</u>	<u>107,626</u>
Total Net Position	<u>\$ 280,798</u>	<u>\$ 107,626</u>

See notes to financial statements

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
by the County of San Diego**

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2024
(with Comparative Information for the Prior Year)

	<u>2024</u>	<u>2023</u>
<u>Additions:</u>		
Sales Tax	\$ 43,622,586	\$ 48,449,974
Interest	<u>173,172</u>	<u>97,630</u>
 Total Additions	 <u>43,795,758</u>	 <u>48,547,604</u>
 <u>Deductions:</u>		
Operating Costs	<u>43,622,586</u>	<u>48,449,974</u>
 Total Deductions	 <u>43,622,586</u>	 <u>48,449,974</u>
 Change in Net Position	 173,172	 97,630
Net Position at the Beginning of the Year	<u>107,626</u>	<u>9,996</u>
 Net Position at the End of the Year	 <u>\$ 280,798</u>	 <u>\$ 107,626</u>

See notes to financial statements

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(1) General Information

The San Diego Metropolitan Transit System (MTS) State Transit Assistance Fund (STAF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego (County) was created pursuant to §99313.6, Article 6.5 of the Public Utilities Code. This fund receives monies allocated for the purposes of state transit assistance and are disbursed in accordance with allocation instructions MTS. The County acts as the trustee of the MTS STAF.

Reporting Entity

Only the accounts of the MTS STAF are included in these financial statements. Consequently, these financial statements do not represent the financial position, change in financial position or cash flows of the County. The accounts of the MTS STAF have been presented in the County's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position within the Investment Trust Funds.

(2) Summary of Significant Accounting Policies

The accounting policies of the MTS STAF are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Basis of Accounting

The MTS STAF financial statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position and are reported using the economic resources measurement focus and the accrual basis of accounting.

Net Position Policy

When both restricted and unrestricted resources are available for use, the policy is to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's prior year MTS STAF financial statements from which this selected data was derived.

(3) Cash and Investments

The County has pooled its cash and investments. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The MTS STAF's cash and investments as of June 30, 2024 was \$263,776.

The MTS STAF's cash is held in the County's external investment pool, which is reported at fair value. Interest income is allocated on the basis of average daily cash balances. Investment policies and associated risk factors applicable to the MTS STAF are those of the County and are included in the County's basic financial statements.

Governmental Accounting Standards Board Statement No. 72 (GASB 72) Fair Value Measurement and Application establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

Investments not measured at fair value continue to include, for example, money market mutual funds which are valued at net asset value - \$1 dollar per share (amortized cost).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement.

**San Diego Metropolitan Transit System
State Transit Assistance Fund**

**A Fiduciary Fund Held in a Trustee
Capacity as an Investment Trust Fund
By the County of San Diego**

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

(Continued)

(3) Cash and Investments (Continued)

The MTS STAF categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

Deposits and withdrawals in the County's cash and investment pool are made on the basis of \$1 and not fair value. Accordingly, the MTS STAF's proportionate share of investments in the pool at June 30, 2024, of \$263,776 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input on the GASB Statement No. 72 fair value hierarchy.

(4) State of Good Repair

Total State of Good Repair (SGR) funds received for the year totals \$ 5,455,018 consisting of \$3,856,957 for PUC Section 99313 and \$1,598,061 for PUC Section 99314. Total expenditures and transfers out are \$3,856,957 and \$1,598,061 for PUC Sections 99313 and 99314 respectively.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the San Diego Metropolitan Transit System (MTS) State Transit Assistance Fund (STAF) – A Fiduciary Fund Held in a Trustee Capacity as an Investment Trust Fund by the County of San Diego ("County"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's MTS STAF financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

Board of Directors
San Diego Association of Governments
San Diego, California

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

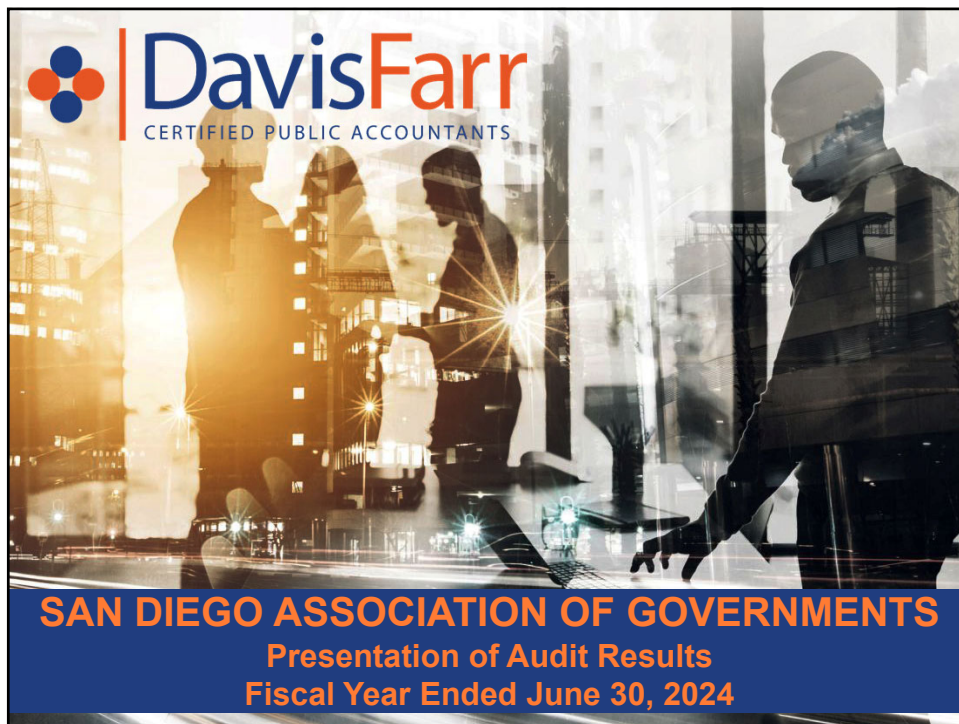
As part of obtaining reasonable assurance about whether the financial statements of the County's MTS STAF are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including §6750 and §6751 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including §6750 and §6751 of Part 21 of the California Code of Regulations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
December 19, 2024




1

Scope of the Audit

2

Audit of Financial Statements:	<ul style="list-style-type: none">• SANDAG• Regional Transportation Commission• South Bay Expressway• SourcePoint• ARJIS
Compliance and Agreed Upon Procedures:	<ul style="list-style-type: none">• TDA• TransNet• Single Audit of Federal Awards• FTA National Transit Database AUP• Coronado Bridge AUP



2

Timing of the Audit

3

- ❑ Began interim audit procedures in July 2024
- ❑ Final audit was originally scheduled to begin on November 4, 2024
 - ❑ Received trial balance to start final audit on January 3, 2025
 - ❑ Audit was delayed primarily due to the implementation of the new ERP system
- ❑ Finalized audit in March 2025



3

Audit Risk Assessment

4

- ❑ Communicated audit risk areas to audit committee in a letter dated Oct 21, 2024
 1. Implementation of new ERP system
 2. Toll road revenues
 3. Recording new debt transactions
 4. Federal grant noncompliance
- ❑ Unpredictability test – confirmations of significant receivable balances with other government



4

Modification of Audit Opinion

5

- ❑ We were unable to obtain sufficient appropriate audit evidence supporting \$41,374,065 of SR 125 toll road revenue
 - ❑ Although SANDAG has developed work arounds and regular monitoring of ETAN's Fastlane system, the system was in use during the year
 - ❑ Clean up of errors and write offs of delinquencies occurred during the year but it is unclear whether those adjustments impacted FY 23/24 transactions or previous years (unable to verify proper revenue cutoff)
 - ❑ We were able to audit customer account balances at 6/30/24 and conclude there are no material misstatements



5

Internal Control Recommendations

6

- ❑ Adjustments Detected During the Audit
 - ❑ Error in recording the new debt
 - ❑ Errors in accounting for capital assets
- ❑ Single Audit Finding
 - ❑ Timeliness of reporting for Passenger Rail Grant
- ❑ Best Practice Recommendations
 - ❑ Trial balance should support financial statements without manual modifications of balances
 - ❑ IT should review service level agreements for 3rd party vendors



6



Questions and Comments

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