



San Diego Association of Governments

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2020

San Diego, California

San Diego Association of Governments

San Diego, California

Comprehensive Annual Financial Report

For the year ended June 30, 2020

PREPARED BY THE SAN DIEGO ASSOCIATION OF GOVERNMENTS

FINANCE DEPARTMENT

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San Diego Association of Governments

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INTRODUCTORY SECTION

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December 23, 2020

Honorable Chair and Members of the Board of Directors
 San Diego Association of Governments

We are pleased to present the basic financial statements of the San Diego Association of Governments (SANDAG) for the fiscal year ended June 30, 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of SANDAG. A comprehensive framework of internal controls has been designed and implemented to ensure the assets of SANDAG are protected from loss, theft, or misuse, and to ensure that financial information is accurate and complete. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position including results of SANDAG's operations. All disclosures necessary to enable the reader to gain an understanding of SANDAG's financial activities have been included.

Crowe LLP has issued an unmodified ("clean") opinion on SANDAG's financial statements for the fiscal year ended June 30, 2020.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Reporting Entity

SANDAG is the San Diego region's Council of Governments (COG). Local elected officials throughout the United States have joined together to form similar COGs to deal cooperatively with issues that go beyond jurisdictional boundaries, such as transportation, growth management, environmental quality, and other public facility needs. SANDAG is a statutorily created agency, codified in California state law. Voting among the agency's 18 cities and county government is based upon both membership and the population of each jurisdiction, providing for an equitable representation of the region's residents. Caltrans, United States Department of Defense, San Diego Unified Port District, San Diego Metropolitan Transit System (MTS), North County Transit District (NCTD), San Diego County Water Authority, Imperial County, Southern California Tribal Chairmen's Association, and Mexico (Consulate General of Mexico) are nonvoting advisory members of SANDAG.

MEMBER AGENCIES

- Cities of*
- Carlsbad*
- Chula Vista*
- Coronado*
- Del Mar*
- El Cajon*
- Encinitas*
- Escondido*
- Imperial Beach*
- La Mesa*
- Lemon Grove*
- National City*
- Oceanside*
- Poway*
- San Diego*
- San Marcos*
- Santee*
- Solana Beach*
- Vista*
- and*
- County of San Diego*

ADVISORY MEMBERS

- Imperial County*
- California Department of Transportation*
- Metropolitan Transit System*
- North County Transit District*
- United States Department of Defense*
- San Diego Unified Port District*
- San Diego County Water Authority*
- Southern California Tribal Chairmen's Association*
- Mexico*

SANDAG traces its origins to the 1960s as local planners and decision-makers saw the need for coordinated efforts to solve a growing list of regional issues. In 1972, a Joint Powers Agreement was formalized among local governments, creating a COG, then known as the Comprehensive Planning Organization, with independent staffing and cooperative financing from the local members and project grants from state and federal agencies. In 1980, the name was changed from the Comprehensive Planning Organization to the San Diego Association of Governments, to better reflect the agency's purpose. In 2003, Senate Bill 1703 (Peace, 2003), as amended by Assembly Bill 361 (Kehoe, 2003), called for the consolidation of certain MTS and NCTD transit functions into SANDAG. SANDAG is now responsible for long-range transit planning, programming, project development, and construction of transportation projects in the region. This structure is intended to streamline regional decision making to improve the transportation system, protect open space and habitat, bolster our infrastructure, and sustain our quality of life.

The San Diego County Regional Transportation Commission (Commission) is a blended component unit of SANDAG and therefore, is considered part of the SANDAG primary government. The SANDAG Board of Directors also serves as the Commission's Board of Directors. The Commission is responsible for the implementation and administration of transportation improvement programs funded by the San Diego countywide one-half percent sales tax. This tax became effective on April 1, 1988, as a result of the passage of Proposition A – The San Diego County Transportation Improvement Program, known as *TransNet*. The sales tax funds are used for highway, public transit, local street and road improvements, bicycle and pedestrian facilities, and administration.

In November 2004, the voters of San Diego County extended the one-half cent sales tax another 40 years to 2048. The extension of *TransNet* will help SANDAG continue to implement the region's transportation program, as well as provide funding for bicycle, pedestrian, and neighborhood safety projects; major corridor capital projects; environmental mitigation projects; smart growth projects; local street and road projects; transit system projects; and operation of the new transit services. The Extension Ordinance includes a mandate that an Independent Taxpayer Oversight Committee (ITOC) for *TransNet* be formed to provide an enhanced level of accountability for the expenditure of funds under the *TransNet* expenditure plan. The ITOC also helps ensure that all voter mandates are carried out as required and develops recommendations for improvements to the financial integrity and performance of the program. The Commission is authorized to issue limited tax bonds payable from the sales tax receipts, the proceeds of which can be used to finance approved *TransNet* projects. The Commission has created a Plan of Finance (POF) for the *TransNet* program, which is updated at least annually. A summary of the most recent POF is provided near the end of this letter.

San Diego's Regional Economy

Basics of the San Diego Economy

San Diego is a diverse, growing region of just under 3.4 million people, who are younger than the national average, richer in terms of per capita income, and better educated with more college and advanced degrees. The \$250 billion economy is also diverse and well positioned for the future in innovative sectors.

Blessed with a beautiful natural environment, 70 miles of coastline, mild weather, and a plethora of outdoor activities, the city is often referred to as “America’s Finest City.” This moniker pays tribute to the natural amenities that make San Diego one of the most desirable places to live and work in the nation, and one to which most people would consider relocating.

This offers employers a highly skilled workforce and forecasts for the next 20 years show a growing population, adding roughly 15,000 residents annually. The San Diego job base and economy continue to diversify over the forecast period.

While the local economy has been severely affected by the recession associated with the COVID-19 pandemic, it is expected to bounce back in the coming years. While uncertainty persists over the short term and the shape of the recovery, the strong pre-recession trend should be reached by 2026, or even before.

History of the San Diego Economy

Once characterized as a sleepy Navy town, and later as a tourist destination, San Diego’s economy has diversified and matured over the last 75 years. Before World War II, 70 percent of jobs in the local economy were in traditional sectors such as the Military, Manufacturing, Construction, Finance, and Retail and Wholesale Trade; today it is less than 50 percent. The military accounted for about 20 percent of the region’s employment in 1940 (and ballooned to nearly half during the early 1950s) and stayed prominent throughout the Cold War.

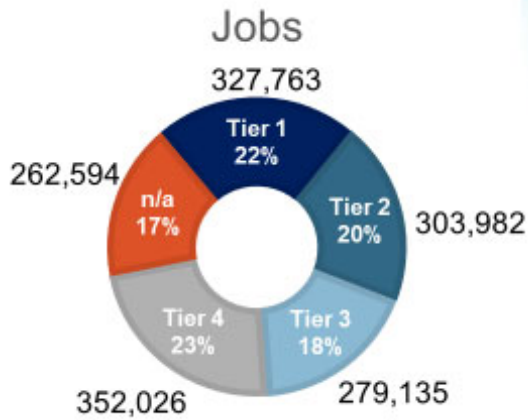
The 1960s brought the emergence of the Tourism and Hospitality industry, the opening of UC San Diego (which became a key economic engine), as well as the approval of maquiladoras in Mexico, allowing U.S. firms access to low-cost manufacturing. By the 1980s, tourism was booming, and the nascent life sciences sector was beginning to take root. Base Re-alignment and Closure (BRAC), shuttered the Naval Training Center in the early 1990s and helped reduce the Military sector to today’s 8 percent, despite a steady military presence. The 2000s brought the dot-com bust, 9/11, and the Great Recession, but also the longest expansion on record from 2010 to early 2020 which has greatly benefited the region.

Sectors driving the San Diego Economy

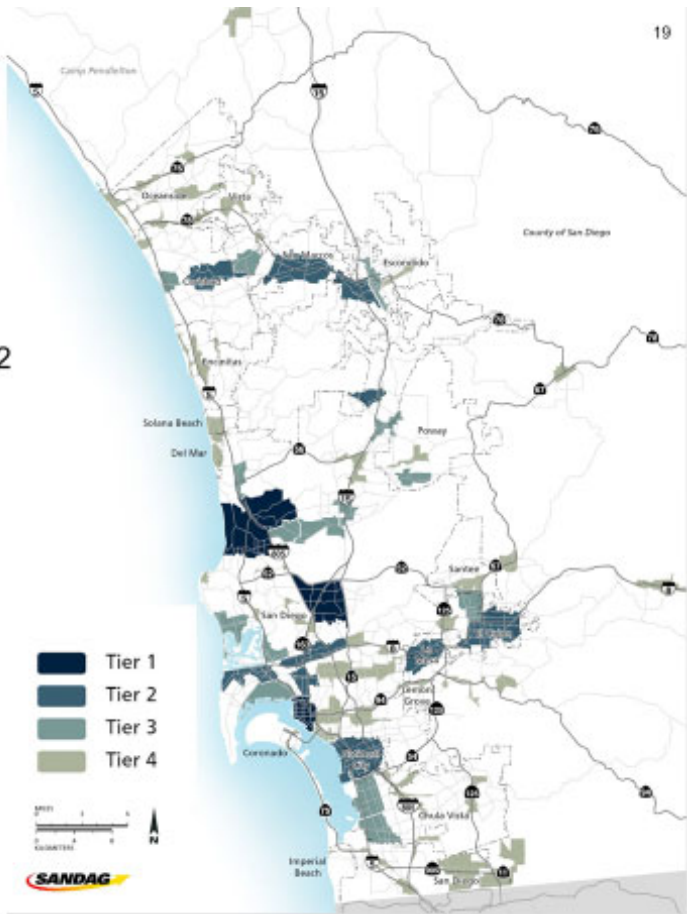
Today, San Diego boasts an economy that is not dominated by any one sector and, in fact, no sector accounts for more than 16 percent of the regional economy.

Many of these sectors are physically clustered in San Diego’s “employment centers,” which allow opportunities to develop a more compact development pattern. In analyzing the travel patterns, regional agencies can plan for improved transportation options, such as the in-progress Mid-Coast Corridor Transit Project.

Employment Centers



- 1,525,500 civilian jobs
- 83% represented in an employment center



San Diego fares well in industries like Health Care, Education, and a lean Government sector. These sectors are generally population driven (rising in tandem with population) have proven through the Great Recession to be less affected by economic cycles.

Several sectors are “economic drivers,” specifically the “Innovation”, Military and Tourism sectors, which together make up almost a third of the regional economy. Moreover, innovation will continue to drive San Diego’s economy, with forward-looking technologies with massive growth potential from companies like Illumina (revolutionized DNA sequencing with tremendous potential to improve health care and quality of life), PacketSled and SPAWAR (cybersecurity experts), and Nuvasive (most used products and techniques for adult back surgeries). The Military is pivoting toward Asia and has committed to San Diego, as have many military contractors, like General Dynamics (makers of the Predator drone) and ViaSat (satellite communications leaders). Tourism is supported by the weather, beaches, as well as major attractions, such as the San Diego Zoo, and the Convention Center.

The “Innovation Sector” is key in the positioning of the regional economy for the future. Its success can be traced back to our higher learning institutions and research facilities, like the Salk Institute, Scripps Institute of Oceanography, San Diego State University, the University of San Diego, Cal State San Marcos, and UC San Diego.

Nineteen different institutions of higher education enroll about 300,000 students in the region. UC San Diego specifically is a highly ranked research university that has spawned hundreds of businesses, many of which remain important local employers, and which together employ about 4 percent of San Diego workers. Moreover, UC San Diego’s commitment to generating economic opportunity is evident through their business-friendly approach to licensing technologies to new startup companies that simplifies the transfer of copyrights and licenses for a minimal equity in the company.

SAN DIEGO: HIGHER EDUCATION AND RESEARCH

19 institutions of higher education enroll about 300,000 students providing an educated workforce, helping drive economic growth and supporting a thriving innovation economy

University of California San Diego

- \$1.2 billion invested in research
- #7 globally for R&D spending
- #18 ranked university in the world

UCSD has spawned:

- 440 active companies in California (half in San Diego)
- New industries and businesses
 - High-tech and Bio-tech
 - Health and Medical
 - Defense and Energy
- \$32 billion in annual sales
- 37,000 jobs supported in the economy



Incubated by world-class research institutions, San Diego’s Innovation sector has grown considerably over the last 25 years, posting a growth rate ten times that of the rest of the economy. It now represents 10 percent of our local economy and employs over 160,000 people in high-paying jobs. The Innovation sector is also itself diverse, featuring Information and Communication Technology, Biotechnology and Biomedical, Aerospace and Navigation, and CleanTech. San Diego is the second most patent-intensive county in the United States, behind Santa Clara County, and is the top destination for National Institutes of Health research funding, first in life-sciences laboratory space, and seventh in the United States to launch a startup, according to Forbes. The contribution of several

regional institutions to COVID-19 epidemiology research and vaccine development confirms the strength and high contribution of the sector to our economy.

SAN DIEGO INNOVATION ECONOMY

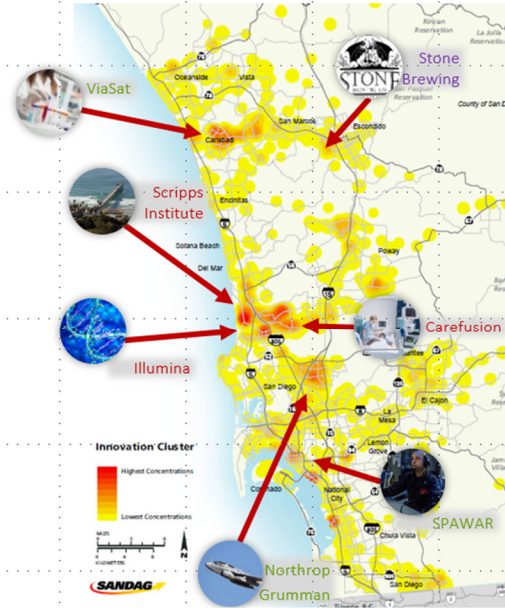
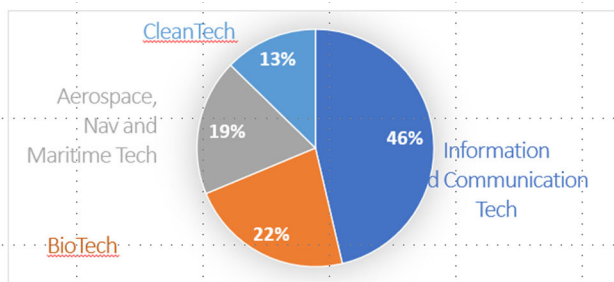
Innovation economy employs 160,900 and represents 10.1%¹ of total regional employment and one quarter of the region GDP²

- #1 destination for NIH funding of research institutions
- #1 concentration of Life Science lab space
- #2 return on investment for public companies
- #2 most patent intense region in the U.S. #3 in the world
- #3 life science and biotech cluster in the U.S.
- #5 concentration of INC 5000 fastest growing companies
- #7 best place in US to launch a start up

1 – Sandag estimates, 2 - Connect (2016)

From 1990 to 2018, the Innovation Sector grew 58%, compared to 44% for the region as a whole

Innovation Sector Employment Distribution (2018)



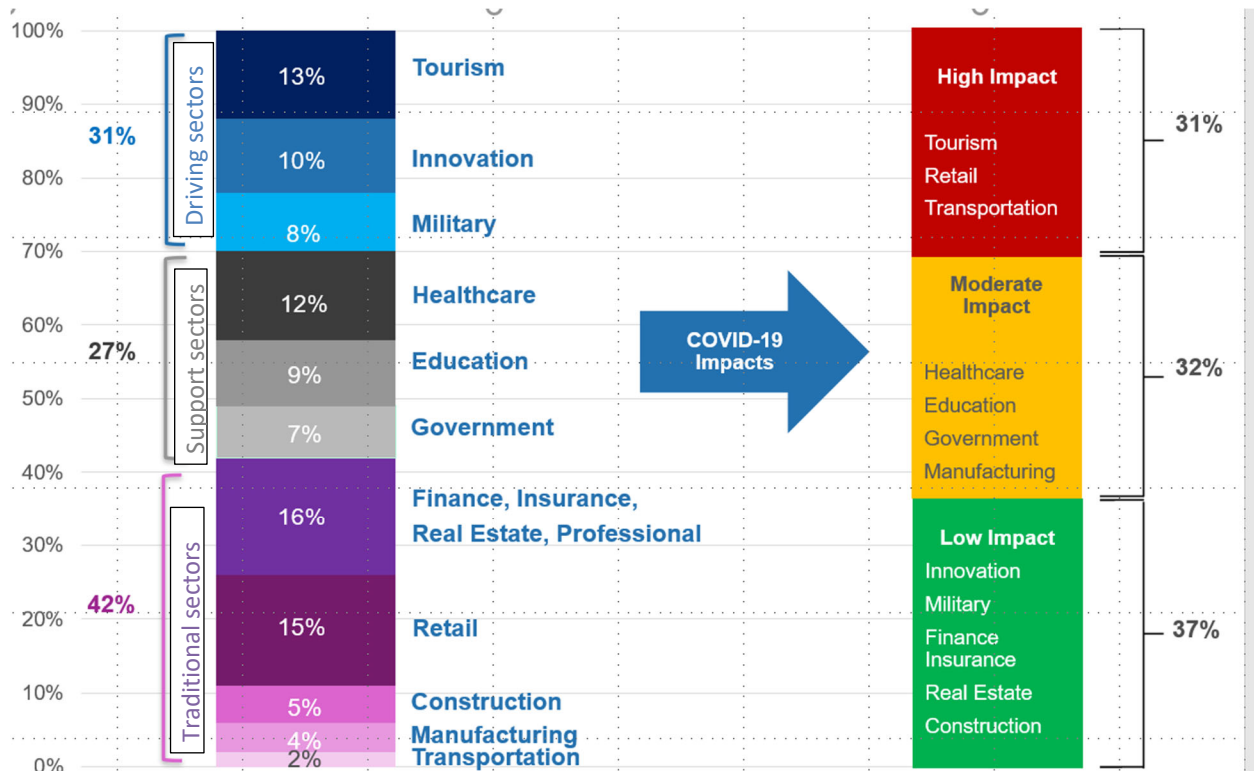
The military sector provides a stable and diverse employment base to the region, following San Diego’s long and successful relationship with the military. San Diego’s economy will benefit from the decision to reallocate 60 percent of military assets to the West Coast over the next decade. During the next few years, 50 percent more ships will be berthed in San Diego, and billions of dollars will be invested by the Navy in infrastructure like the Seal training facility. The presence of the military attracts over \$10 billion in government contracts each year, and almost 150,000 jobs, about 1 in 12 San Diegans are directly employed by the military or Department of Defense. Many of these jobs are highly skilled, and all generate indirect employment effects in many other sectors throughout the economy. With a large deepwater port, a dozen military installations, and a well-developed support economy, San Diego is an irreproducible ecosystem for the military.

San Diego is also a major tourism destination, routinely listed as the number one domestic travel destination, such as in Money magazine’s 2016 assessment. As a result, San Diego’s Hospitality sector grew two times as fast as our overall economy during the past 27 years. Nearly 37 million visitors come to San Diego annually, bringing almost \$12 billion into the regional economy. While tourism jobs pay slightly less than the average, they do provide ample entry-level employment.

The tourism sector has been one of the hardest hit by the COVID-19 related recession as a result of the high-contact business closures like restaurants and bars, the sharp declines in international and

business travel, and the closure of many local tourist attractions. As of September 2020, almost 80,000 jobs (30%) were estimated to have been lost in the sector. The recovery will take time and is not expected before 2023 in the best-case scenario.

Overall, the balanced structure has also helped during the COVID-19 related recession. While no sector has been shielded from the recession and the tourism and retail sectors have taken a sharp hit, the impact has somewhat been cushioned by the strong innovation sector and the military sector. Close to 40% of the local economy is estimated to have only suffered a limited impact of the crisis.



International Trade

San Diego is home to the busiest land crossing in the western hemisphere, and its economic impact is significant. Over the past 10 years, trade through the border has grown by 70%, and grew 1.5 percent from 2017 to 2018 to \$75 billion. The presence of maquiladoras in Tijuana that provide highly skilled workers in technologically advanced factories where costs average a fraction of that in the United States is a critical advantage for the San Diego economy. The new U.S. Mexico-Canada Agreement (USMCA) is expected to continue to support economic prosperity on both sides of the border and trade flows.

Jobs, Wages, and Housing

The diverse and robust San Diego economy presented above resulted in strong job growth and low unemployment for San Diegans during the post Great Recession expansion. In 2019, San Diego's unemployment rate stood at 3.3 percent, lower than both California (4.1%) and the United States as a whole (3.7%).

The brutal Covid-19 related recession resulted in a sharp increase in unemployment that is estimated to have peaked at 25% in early May and is now hovering around 10%. Job losses have been concentrated in high contact sectors such as tourism, retail and education, which are estimated to account for 80% of the job losses in the region. Traditional sectors like Professional Services, Construction, Finance, have fared much better than in past recessions, while military has proven an essential buffer.

Despite wage increases, after adjusting for inflation, real wages remained stagnant, between early-2017 and mid-2019. Strong wage increases and lower inflation boosted the purchasing power of wages in the second half of 2019, but the recession has put an end to this favorable trend.

Job losses and stagnating wage gains have however been partly compensated by income support via the stimulus package and temporarily enhanced unemployment insurance benefits. This has helped support households spending during the recession.

The San Diego region is in the midst of a reassessment of past housing and development practices. In prior eras, it was assumed that housing would continue to spread east into the back-country, but jurisdictions throughout the county have responded to residents' concerns about sprawl and adjusted their general plans to concentrate growth in existing communities. On the positive side, much of the recent development has been in multifamily housing in downtown areas, which is generally both less expensive and attractive to younger, high-skill workers (and some senior buyers) who prefer active, vibrant communities. As open land acceptable for residential development is in short supply, demand continues to outstrip the pace of building, and while San Diego housing costs are less than those of comparable coastal metros, prices and rents are higher than California or the United States as a whole and represent a challenge to additional economic growth and to the economic well-being of many residents.

Despite the pandemic the median price of a detached home averaged \$732,560 in August 2020, about 10 times the county median household income and more than 7 out of 10 San Diegans are priced out of the housing market.

Outlook

While structurally strong, the San Diego economy has been hardly hit by the COVID-19 related recession. Nationally, GDP growth is expected to contract by 4 to 5% in 2020, and the recovery is expected to be protracted especially until a vaccine is developed and widely distributed. This means that it will also take several years for the regional economy to recover. The travel and hospitality sector is expected to take the longest to recover. On the other hand, economic drivers like the Innovation sector should continue to thrive and the Military will continue to expand its strong presence. In the long run, the Health Care sector, both in the United States and globally, is expected to see continued growth as the population ages, and as new therapies and treatments are available to more people. Education, once it recovers, should also be a long-term driver of economic growth, and Government typically grows proportional to population and is forecasted to increase. The Financial, Professional, and Information sector (excluding Innovation sectors), has done relatively better than other sectors during the pandemic and is expected to

see slow but steady growth. Construction and Real Estate have also fared better than others.

Major Budget Initiatives and *TransNet* Plan of Finance Update

The FY 2021 Program Budget will see the continuation or completion of several significant work efforts and the start of several new activities, as summarized below:

Overall Work Program

2021 Regional Plan

The bold new transportation vision for the 2021 Regional Plan will focus on creating a balanced transportation system through the implementation of five strategies SANDAG refers to as the “5 Big Moves” These closely coordinated initiatives create a framework for a transformative vision for mobility in our region, and the FY 2021 budget reflects the region’s early steps toward realizing that vision.

Complete Corridors focuses on improving how people travel by balancing the need for dedicated space for cars, transit vehicles, shared mobility options, bike riders, pedestrians, commercial vehicles, and other fleets of vehicles that promote individual mobility (Flexible Fleets), including small transit shuttles and rideshare services such as Uber and Lyft. The anticipated benefits of developing Complete Corridors include increased roadway capacity, reduced congestion and air pollution, shorter travel times, increased transit ridership, improved safety, and the maximization of existing infrastructure.

Transit Leap is an initiative to create a complete network of high-speed, high-capacity, and frequent transit services that connect major residential areas with employment centers and local attractions. New high-speed transit services, covering longer distances with limited stops, may be separated from vehicle traffic with bridges, tunnels, or dedicated lanes. Service times will be expanded, transit will be more personalized with a greater variety of vehicles and types of service, and new and existing transit service will transition to electric power or alternative fuels to decrease greenhouse gas emissions. Less congestion, faster transit travel times, reduced air pollution, decreased demand for parking, and lower household transportation costs are among the anticipated benefits.

Mobility Hubs are places of connectivity where different types of travel options—walking, biking, transit, and shared mobility—come together. They are uniquely designed around the needs of communities and better connect high-frequency transit to an individual’s origin or destination. Mobility Hubs offer people safe walkways and bikeways; shared mobility options such as transit, on-demand rideshare, and smaller vehicles such as scooters and bikes; support services such as real-time travel information and charging stations for electric cars and bikes; and other features. Higher transit ridership, less congestion, reduced air pollution, and increased mobility for seniors and people with disabilities are among the anticipated benefits of Mobility Hubs.

Flexible Fleets will provide people with shared vehicles for all types of trips 24 hours a day and seven days a week—all aimed at improving individual mobility. They will provide important connections between highspeed transit and key destinations such as work and home, making it easier for people

to choose public transit and reduce the need to own a car. Anticipated benefits include better access to transit, trip convenience, reduced air pollution, congestion relief, and increased mobility for seniors and people who are physically disabled.

Next Operating System is the “brain” of the entire transportation system, and it will be the digital platform through which technology and data can be used to connect and manage different modes of transportation, including passenger vehicles, buses, ridesharing vehicles, delivery trucks, bikes, scooters, and more. The result will be roadways and transit services that operate more smoothly and serve people better. Next OS will make the other four big moves discussed above work in unison to give people a seamless travel experience across all modes of transportation.

Del Mar Bluffs Stabilization

In the City of Del Mar, construction began in FY 2020 on the fourth phase of stabilization efforts along the coastal bluffs. These improvements include the installation of support columns that stabilize localized areas and sea walls, construction of a drainage channel on the top of the bluffs, repair of concrete channels, and stabilization of storm chute outfalls and an existing headwall.

SANDAG and the North County Transit District (NCTD) are currently seeking \$100 million to accelerate two more phases of stabilization projects: Del Mar Bluffs Phase 5 and 6. Phase 5 is currently funded through design and will address additional seismic and general stabilization needs, install additional support columns, and replace more aging drainage structures. Phase 6 will continue to provide long-term rehabilitation and stabilization work, including protecting the base of the bluffs against additional bluff retreat and improved pedestrian access. Simultaneously, to ensure the long-term viability of the corridor, SANDAG is also seeking \$5 million to study potential long-term solutions, which could include tunneling below Del Mar.

Navy Old Town Campus Revitalization/Central Mobility Hub

For decades, San Diego has explored ways to improve regional connectivity to San Diego International Airport. With future traffic impacts to current San Diego International Airport roads projected to exceed capacity, combined with insufficient transit access to the airport, SANDAG has made it a chief priority to identify a solution for a direct transit connection to the airport. Revitalization of the Naval Base Point Loma Old Town Campus, situated on the west side of I-5 about one mile north of the airport, may solve this longstanding regional connectivity issue by providing a location for a new central mobility hub. The Central Mobility Hub at the revitalized Naval Base Point Loma Old Town Campus, if realized, would include a state-of-the-art transportation center with a direct connection to the airport and additional connections to the Trolley, COASTER, Amtrak Pacific Surfliner, Rapid transit, local bus, and future transportation options. It would offer San Diegans a one-transfer connection to the airport from major destinations across the region for generations to come.

In FY 2021, discussions will continue on redevelopment of the Naval Base Point Loma Old Town Campus for the benefit of the Navy and the San Diego region.

Otay Mesa East Port of Entry and State Route 11

The Otay Mesa East Port of Entry (POE) project, along with a new connecting future tolled road, SR 11, is jointly undertaken by SANDAG and Caltrans, in cooperation with key partner agencies on both sides of the United States–Mexico border. Project milestones reached so far include the start of construction in FY 2020 of the SR 125 southbound connectors to westbound SR 905 and SR 11, the final segment of SR 11, and procurement of ROW for the new POE.

FY 2021 work will continue these construction efforts and begin construction on the Siempre Viva Road interchange improvements.

Regional Operations and Services

State Route 125 Operations: SANDAG will continue operations and maintenance of the SR 125 toll road while controlling costs and meeting financial obligations. Focus in FY 2021 will include the continuation of the implementation of a new tolling system to support centralized operations for the I-15, SR 125, State Route 11/Otay Mesa East, and future priced facilities, completing the transition to a Regional Back Office System and updating business processes to support the implementation of the 6C toll transponder technology.

Motorist Aid Services: SANDAG will continue implementing expanded Freeway Service Patrol (FSP) service hours funded by California Senate Bill 1 (SB 1) (Beall, 2017); increasing active real-time fleet management using the fleet management system; and continuing to provide cost-effective roadside assistance service for the San Diego region in FY 2021.

Capital Program

Mid-Coast Corridor Transit Project: In FY 2020, SANDAG completed major work on bridges, abutments and piers, utility undergrounding, and columns in addition to forming the full length of the elevated Trolley viaduct by installing 192 pre-cast concrete girders and conducting cast-in-place concrete pours. Work also began on construction of the Trolley stations, including initial systems work, and the Trolley underpass. In addition, crews have almost completed realigning the rail corridor, double-tracking the heavy rail, and have begun to install the Trolley light-rail lines. SANDAG will continue work on the viaducts in the northern section of the project and grading, drainage, retaining walls, and bridges in the southern section. Trackwork, station construction, and systems elements will also continue along the length of the alignment.

San Diego River Bridge Double Track Project: Construction was completed at Poinsettia Station in FY 2020, which included lengthening the station platforms, installing an intertrack fence, replacing the existing at-grade rail crossings with a grade-separated undercrossing, and relocating the existing tracks. The project was designed to improve traveler wait times, provide easier access, reduce train delays, enhance pedestrian safety, and upgrade station amenities.

Interstate 5 North Coast Corridor Program/Build NCC: In FY 2020 and 2021, Build NCC will be focused on the continued construction of the San Elijo Lagoon Highway Bridge and the Express Lanes on I-5 between Manchester Avenue and Palomar Airport Road. The next segment of I-5 Express Lanes construction between Palomar Airport Road and SR 78 is expected to commence in fall 2020. The San Elijo Lagoon Restoration project is expected to be completed in mid-2020.

Interstate 805/State Route 15 Exchange: Design of two high-occupancy vehicle (HOV) lanes and direct connectors between I-805 and SR 15 for northbound-to-northbound and southbound-to-southbound HOV/Rapid traffic is complete.

A *TransNet* Program Budget Amendment was approved by the Board of Directors in September 2019 and provided a summary of *TransNet*, federal, state, and other local formula funds estimated to become available for Major Corridor projects and is reflected in the FY 2021 Budget adopted by the Board of Directors on June 12, 2020. Significant long-term challenges exist, including a funding shortfall to complete all remaining *TransNet* projects. The 2020 Plan of Finance update is in process.

Sales tax impacts of COVID 19, paired with changes in California Department of Tax and Fee Administration methodologies for sales tax distributions have resulted in the need to pause revenue forecast updates while impacts are assessed. The opportunity to complete some projects remains, though state and federal funding programs are reimbursed programs and rely initially on local funds prior to seeking reimbursement. The ability to advance major projects is through the issuance of bonds against the sales tax receipts.

Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to SANDAG for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twelfth consecutive year that SANDAG has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was accomplished by SANDAG management and financial staff. SANDAG independent auditors, Crowe LLP performed the audit of the financial statements. We express our appreciation to the staff members and Crowe LLP who contributed to the issuance of this report.

Respectfully submitted,



ANDRÉ DOUZDJIAN
Chief Financial Officer



RAY MAJOR
Chief Analytics Officer/Chief Economist

Board of Directors

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; plans, engineers, and builds public transit; makes strategic plans; obtains and allocates resources; and provides information on a broad range of topics pertinent to the region's quality of life.

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(A) Steve Chung, Navy Region Southwest

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(A) Mario Figueroa
Deputy Cónsul General of Mexico
(A) Hon. Natalia Figueroa, Vice Consul

SAN DIEGO ASSOCIATION OF GOVERNMENTS

Executive Staff

June 30, 2020

Executive Director	Hasan Ikhata
Chief Capital Programs and Regional Services Officer	Jim Linthicum
Chief Planning and Innovation Officer	Ray Traynor
Chief Operations Officer	Laura Coté
Chief Data Analytics Officer/Chief Economist	Ray Major
Chief Financial Officer	André Douzdjian
General Counsel	John Kirk
ARJIS, Director I	Craig Carter
Business Information & Technology Services, Director II	James Dreisbach-Towle
Contracts and Grants, Director II	Julie Wiley
Diversity and Equity, Director I	Elaine Richardson
Engineering and Construction, Director II	John Haggerty
Government Relations, Director II	Victoria Stackwick
Integrated Transportation Planning, Director I	Elisa Arias
Mid-Coast Transit Project, Director I	Ramon Ruelas
Mobility and Innovation, Director I	Antoinette Meier
Organization Effectiveness, Director II	Melissa Coffelt
Regional Planning, Director II	Coleen Clementson
Research and Program Management, Director II	Cindy Burke
Strategic Communications, Director II	Irene McCormack
Strategic Projects, Director I	Ryan Kohut
<i>TransNet</i> , Director II	José Nuncio

San Diego Association of Governments

Organization Chart





Government Finance Officers Association

Certificate of
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in Financial
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Presented to

**San Diego Association of Governments
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Diego Association of Governments
San Diego, California

Report on the Financial Statements

We have audited the accompanying 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 the San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of SANDAG, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of OPEB contributions, schedule of changes in net pension liability and related ratios, schedule of plan contributions, and budgetary comparison information for the general fund and San Diego County Regional Transportation Commission sales tax projects fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SANDAG's basic financial statements. The introductory section, combining and individual fund statements and schedules, budgetary comparison information for the capital projects fund, San Diego County Regional Transportation Commission debt service fund, San Diego Association of Governments debt service fund, general services fund, and SAFE program fund, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and budgetary comparison information for the capital projects fund, San Diego County Regional Transportation Commission debt service fund, San Diego Association of Governments debt service fund, general services fund, and SAFE program fund are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 combining and individual fund statements and schedules and budgetary comparison information for the capital projects fund, San Diego County Regional Transportation Commission debt service fund, San Diego Association of Governments debt service fund, general services fund, and SAFE program fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 on our consideration of SANDAG'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 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 SANDAG's 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 SANDAG's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California
December 23, 2020

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Management's Discussion and Analysis

As management of the San Diego Association of Governments (SANDAG), we provide this narrative overview and analysis of the financial activities of SANDAG for the fiscal year ended June 30, 2020. The intent of this analysis is to assist the readers of SANDAG financial statements in better understanding the overall financial condition of the agency. The information presented here should be considered in conjunction with the information provided in the Letter of Transmittal.

Financial Highlights

- SANDAG reported net position of \$280,270,865. Of this amount, net position (deficit) of (\$830,132,071) is considered unrestricted. A significant factor related to the net position balance is the issuance of \$2,563,025,000 in bonds issued in 2008, 2010, 2012, 2014, 2016, 2019 and 2020 and the issuance of \$537,480,000 Series A Subordinate Sales Tax Revenue Short-Term Notes (2018 short-term notes) in 2018, as well as the issuance of the Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project) Series 2019A & 2019B (GANS) of \$335,000,000 in 2019 for a total of \$3,435,505,000 to expedite congestion relief projects focusing on jump-starting construction of the region's top priority transportation infrastructure projects.
- SANDAG total net position decreased by \$81,249,683 in fiscal year 2020. This decrease is primarily due to an increase in SANDAG capital project expenses and lower grant revenue offset by an increase in capital assets.
- As of the close of the current fiscal year, SANDAG governmental funds reported combined ending fund balances of \$743,100,031. Of this total amount, \$740,307,815 is restricted for pension benefits, debt service, and project spending, \$4,269,977 as nonspendable prepaid items, \$5,302,000 committed to contingency reserve, and \$6,779,761 as an unassigned fund deficit.
- SANDAG total debt balance at the close of the current fiscal year increased by \$415,445,799 compared to the prior year. This is primarily due to the issuance of 2019 and 2020 bonds, GANS and commercial paper of \$881,818,000 offset by bond principal repayments of \$441,110,000 and the \$1,857,000 principal repayment of commercial paper as well as bond premium amortization of \$80,407,204. At the end of the current fiscal year, the San Diego County Regional Transportation Commission (Commission), a blended component unit of SANDAG, had a total debt outstanding of \$2,486,643,967. State Route 125 toll road fund (SR 125 fund) had a total debt outstanding of \$218,376,331.

Overview of the Financial Statements

The SANDAG annual financial report consists of five parts: (1) management's discussion and analysis; (2) basic financial statements; (3) required supplementary information; (4) an optional section that presents combining statements and additional supplementary information; and (5) a statistical section, which furnishes relevant statistical data of the agency.

Management's discussion and analysis provided here is intended to serve as an introduction to SANDAG basic financial statements. SANDAG basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) the notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of SANDAG finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents financial information on all SANDAG assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SANDAG is improving or deteriorating.

The *Statement of Activities* presents information showing changes in the SANDAG net position during the most recent fiscal year. All changes in net position are reported when the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of SANDAG that are principally supported by sales taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of SANDAG include general government, net of cost recovery, modeling and research, criminal justice, sustainable development, sustainable mobility programs and services, internal and external coordination, Service Authority for Freeway Emergency Operations (SAFE) program, bicycle facilities, Independent Taxpayer Oversight Committee (ITOC), major corridor capital projects, major corridor environmental mitigation, local project environmental mitigation, local street improvements, smart growth, new major corridor transit operations, transit system improvements, transit capital contributions, and interest on long-term debt.

The business-type activities of SANDAG include the Service Bureau, which provides informational and technical services to member agencies, nonmember government agencies, private organizations, and individuals to enhance the quality and extent of demographic, economic, transportation, land use, criminal justice, and other information maintained in the Regional Information System; SourcePoint, which is a 501(c)(3) nonprofit public benefit corporation chartered in 1982 by SANDAG to provide data research for the San Diego region, solve regional planning issues and assist local governments with special projects; the Property Management Fund, which provides property management functions for the commercial buildings purchased by the agency; the Interstate 15 (I-15) *FasTrak*® program, which allows solo drivers to pay a toll to use the express lanes on I-15; and the State Route 125 (SR 125) toll road operations, an 11.2-mile, limited-access highway in the County of San Diego.

The government-wide financial statements include not only SANDAG itself (known as the primary government), but a legally separate Joint Powers Agency, Automated Regional Justice Information System (ARJIS), which provides a regional complex criminal justice enterprise information system utilized by more than 50 local, state, and federal agencies in the San Diego region. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Commission, although legally separate, functions for all practical purposes as a program of SANDAG and, therefore, has been reported as a blended component unit and included as an integral part of the primary government. SourcePoint, a legally separate nonprofit corporation, which provides regional information services and technical assistance to private clients and public agencies, is under the common control of the primary government, therefore also reported as a blended component unit and included as one of the enterprise funds of the primary government.

The government-wide financial statements can be found on pages 25 to 27 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SANDAG, like other state and

local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SANDAG are either governmental-type funds or proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SANDAG maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Commission sales tax projects fund, capital projects fund, Commission debt service fund, and SANDAG debt service fund established in FY 20 to account for the grant anticipation notes, which are considered to be major funds. Data from the two nonmajor funds which are: (1) the general services fund; and (2) the SAFE program fund, are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Proprietary funds. SANDAG maintains five proprietary funds. Proprietary funds can either be enterprise funds or internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. SANDAG uses enterprise funds to account for its I-15 *FasTrak* program, Service Bureau program, SourcePoint, property management of the commercial buildings, and the SR 125 toll road operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the SR 125 fund, which is considered to be a major fund. Data from the other four nonmajor proprietary funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor proprietary funds are provided in the form of combining statements in the combining and individual fund statements and schedules of this report.

The basic proprietary fund financial statements can be found on pages 43 to 45 of this report.

Notes to the basic financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 to 111 of this report.

Other information. In addition to the basic financial statements, required supplementary information can be found on pages 116 to 124 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 128 to 137 of this report.

San Diego Association of Governments' Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Interfund balances	\$ (771,549)	\$ 2,800,552	\$ 771,549	\$ (2,800,552)	\$ -	\$ -
Capital assets	2,118,463,850	1,840,552,061	320,995,919	333,416,086	2,439,459,769	2,173,968,147
Other assets	1,027,148,412	945,849,969	152,041,635	157,374,632	1,179,190,047	1,103,224,601
Total assets	3,144,840,713	2,789,202,582	473,809,103	487,990,166	3,618,649,816	3,277,192,748
Deferred outflows of resources	144,439,142	106,381,630	3,327,564	2,646,685	147,766,706	109,028,315
Current liabilities	278,351,040	249,055,831	10,766,108	14,819,133	289,117,148	263,874,964
Restricted liabilities	87,197,653	79,559,205	-	-	87,197,653	79,559,205
Noncurrent liabilities	2,870,629,960	2,445,638,333	226,311,217	231,973,876	3,096,941,177	2,677,612,209
Total liabilities	3,236,178,653	2,774,253,369	237,077,325	246,793,009	3,473,255,978	3,021,046,378
Deferred inflows of resources	12,570,787	3,299,493	318,891	354,644	12,889,678	3,654,137
Net Position:						
Net investment in capital assets	803,549,001	601,533,597	102,412,780	105,093,201	905,961,781	706,626,798
Restricted for:						
Mid-Coast project	34,085,951	-	-	-	34,085,951	-
Debt service	63,669,996	47,604,345	18,476,695	18,285,521	82,146,691	65,889,866
Environmental mitigation	1,177,237	1,159,810	-	-	1,177,237	1,159,810
Freeway emergency service	8,683,786	8,582,301	-	-	8,683,786	8,582,301
Major maintenance post-acquisition	-	-	47,197,962	47,037,264	47,197,962	47,037,264
Project revenue	-	-	34,285,520	32,062,084	34,285,520	32,062,084
Toll road operations	-	-	35,410,702	39,888,725	35,410,702	39,888,725
Customer prepaid	-	-	69,404	137,148	69,404	137,148
iCommute program	-	-	9,071	12,636	9,071	12,636
Property management	-	-	1,374,831	549,181	1,374,831	549,181
Unrestricted (deficit)	(870,635,557)	(540,848,703)	503,486	423,438	(870,132,071)	(540,425,265)
Total net position	\$ 40,530,414	\$ 118,031,350	\$ 239,740,451	\$ 243,489,198	\$ 280,270,865	\$ 361,520,548

Government-Wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of SANDAG, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$280,270,865 at the close of the most recent fiscal year.

In fiscal year 2020, \$2,072,299,466 was the balance of construction in progress for the governmental activities, which includes the accumulative costs of various regional transportation infrastructure improvement projects. SANDAG retains legal title of the assets during the construction phase and until such time as these projects are complete and operational. Upon completion, the assets, as well as the legal title of the assets, if applicable, are formally transferred and contributed to other governmental agencies to reflect the other governments' custodial accountability for the operation and maintenance of the assets.

The majority of the SANDAG net position includes \$905,961,781 net investment in capital assets for both governmental and business-type activities. These capital assets are used to provide services to citizens by

SANDAG; therefore, it is not available for future spending. A total of \$244,441,155 is restricted for Mid-Coast project, debt service, environmental mitigation projects, major maintenance, project revenue, toll road operations, customer prepaid, freeway emergency service, iCommuter and property management. The remaining offsetting balance of net position is the unrestricted net deficit of \$870,132,071.

Factors contributing to the unrestricted net deficit of \$870,132,071 include debt activities of the Commission and SR 125 fund, and the SANDAG net pension liability.

In fiscal year 2020, SR125 fund had a long-term debt of \$186,755,000 with a premium of \$31,621,331, which is offset by \$104,671,161 restricted cash and cash equivalents set aside for debt service, major maintenance and capital expenditures for the SR 125 fund.

The Commission's outstanding debt of \$2,486,643,967 is included in the statement of net position. The debt is issued to advance fund various *TransNet* projects in the region as part of the Early Action Plan (EAP) and is repaid using annual sales tax revenue. Funds are set aside each month to cover monthly 2008 bond interest and swap payments, one-sixth of upcoming interest payments on all other bonds, and one-twelfth of upcoming principal payments.

Offsetting the outstanding Commission debt balance are \$73,958,925 of related balances of cash and investments used for future debt service payments and the reserve account for the 2008 sales tax bond; due from other governments for debt proceeds passed through to another government, net of principal retirement for a balance of \$79,670,022; and \$572,684,195 of cash and investments related to *TransNet* balances not yet requested by recipient agencies.

The liabilities from restricted assets consist primarily of the following purposes:

- \$8,096,861 will be used to repay outstanding Commission bonds.
- \$23,050,000 will be used to repay a portion of the outstanding commercial paper notes issued to buy the North County Transit District (NCTD) Certificates of Participation (COPs) investment.
- \$236,971 is a restricted deposit payable from NCTD for commercial paper interest payments related to the COPs.
- \$15,514 is a restricted deposit payable from Barclays Bank PLC, which is held as collateral on the 2018 basis rate swaps.
- \$55,798,307 is being held for retention on regional transportation improvement projects and will be paid once the projects are complete.

Restricted net position includes resources subject to externally imposed restrictions that must be used for debt repayments and environmental mitigation projects. At the end of fiscal year 2020, the SANDAG net pension liability balance is \$55,664,357, which includes \$3,395,526 of net pension liability of ARJIS, a discretely presented component unit of SANDAG.

Additional information on SANDAG long-term debt can be found in Note II.G, and additional information on SANDAG capital assets can be found in Note II.C in the notes to the basic financial statements of this report.

San Diego Association of Governments' Change in Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 4,268,144	\$ 4,019,387	\$ 49,791,032	\$ 56,551,583	\$ 54,059,176	\$ 60,570,970
Operating grants and contributions	40,211,436	39,970,028	-	-	40,211,436	39,970,028
Capital grants and contributions	46,465,874	331,973,062	-	-	46,465,874	331,973,062
General Revenues:						
Local <i>TransNet</i> sales tax funds	313,251,738	303,529,448	-	-	313,251,738	303,529,448
Local Transportation Development Act funds	10,140,628	11,472,988	-	-	10,140,628	11,472,988
Investment earnings	12,735,312	18,552,398	2,115,859	2,658,443	14,851,171	21,210,841
Other revenues	2,525,662	532,730	825,650	513,617	3,351,312	1,046,347
Total revenues	429,598,793	710,050,041	52,732,541	59,723,643	482,331,334	769,773,684
Expenses:						
General government, net of cost recovery	1,811,023	286,736	-	-	1,811,023	286,736
Modeling and research	9,983,140	6,724,948	-	-	9,983,140	6,724,948
Criminal justice	1,103,957	1,101,009	-	-	1,103,957	1,101,009
Sustainable development	16,337,124	9,449,673	-	-	16,337,124	9,449,673
Sustainable mobility programs and services	21,612,236	22,305,301	-	-	21,612,236	22,305,301
Internal and external coordination	7,123,096	7,223,524	-	-	7,123,096	7,223,524
SAFE program	1,520,134	1,589,922	-	-	1,520,134	1,589,922
Bicycle facilities	365,593	894,799	-	-	365,593	894,799
Independent Taxpayer Oversight Committee	376,416	368,376	-	-	376,416	368,376
Major corridor capital projects	157,915	-	-	-	157,915	-
Major corridor environmental mitigation	15,124	7,979	-	-	15,124	7,979
Local project environmental mitigation	10,381	10,002	-	-	10,381	10,002
Local street improvements	79,726,182	76,138,673	-	-	79,726,182	76,138,673
Smart growth	8,809,836	2,698,814	-	-	8,809,836	2,698,814
New major corridor transit operations	19,797,658	16,255,635	-	-	19,797,658	16,255,635
Transit system improvement	51,033,075	49,741,390	-	-	51,033,075	49,741,390
Transit capital contributions	214,437,991	186,145,897	-	-	214,437,991	186,145,897
Interest on long-term debt	86,709,311	87,163,728	6,934,037	7,094,248	93,643,348	94,257,976
Service Bureau	-	-	310,243	287,561	310,243	287,561
SourcePoint	-	-	11,510	12,998	11,510	12,998
Interstate 15 <i>FasTrak</i>	-	-	8,858,083	7,871,335	8,858,083	7,871,335
State Route 125 toll road	-	-	26,536,953	26,741,801	26,536,953	26,741,801
Total expenses	520,930,191	468,106,406	42,650,826	42,007,943	563,581,017	510,114,349
Change in net position before transfers	(91,331,398)	241,943,635	10,081,715	17,715,700	(81,249,683)	259,659,335
Transfers in (out)	13,830,462	431,281	(13,830,462)	(431,281)	-	-
Change in net position	(77,500,936)	242,374,916	(3,748,747)	17,284,419	(81,249,683)	259,659,335
Net position, beginning of year	118,031,350	(124,343,566)	243,489,198	226,204,779	361,520,548	101,861,213
Net position, end of year	\$ 40,530,414	\$ 118,031,350	\$ 239,740,451	\$ 243,489,198	\$ 280,270,865	\$ 361,520,548

Governmental activities. Governmental activities decreased the SANDAG net position by \$77,500,936, which is due to total expenses of \$520,930,191 exceeding total revenue of \$429,598,793 by \$91,331,398 offset by a transfer in of \$13,830,462.

Key elements of the revenue and expense differences between fiscal years 2020 and 2019 for governmental activities are as follows:

Total revenues decreased by \$287,243,863, or 40.45 percent, over the prior year. Key factors for this net decrease are as follows:

- The decrease in capital grant and contributions of \$285,507,188, or 86.0 percent, is primarily the result of the \$280 million federal grants for the Mid-Coast Trolley project received in FY 2019, but such funding was not received in the current year due to the timing of the execution of the grant agreement.
- Local Transportation Development Act (TDA) Program revenue decreased \$1.3 million in fiscal year 2020. The decrease of TDA revenue in fiscal year 2020 was due to the CRT San Diego to Rose Creek project funding with TDA revenue in FY2019, none of which occurred in FY 2020.

- Investment earnings decreased by \$5,817,086. The decrease is primarily attributable to the derivative instrument interest adjustment on the rate swaps and offset by the earnings on the unused debt proceeds.
- The above decreases were offset by the increase in Sales tax revenue by \$9,722,290, which is driven primarily by an increase in taxable consumption in the region resulting from the continued improvement of local economy and growth in consumer spending for the first three quarters of the fiscal year. In December 2019, a novel strain of coronavirus (COVID 19) has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. During the fourth quarter of the fiscal year, sales tax revenue collection was stalled as COVID 19 related recession wiped away the strong revenue registered before the pandemic hit the region.

Total expenses increased by \$52,823,785, or 11.3 percent, over the prior year. Key factors in this net decrease are as follows:

- Transit capital contributions increased \$28,292,094 or 15.2 percent. This increase is due to the higher amount of capital project completion for contributions this fiscal year. During the year, \$209,682,337 of completed construction-in-progress (CIP) projects, as well as title to the assets, if applicable, was transferred to other government agencies responsible for public transportation operations compared to \$188,511,440 of CIP projects completed and transferred out in the prior fiscal year. Of completed projects, \$118,697,988 was transferred to Metropolitan Transit System, \$80,969,894 to NCTD, \$5,676,466 to Caltrans, \$126,223 to the City of San Diego, \$52,685 to the City of Encinitas, \$695,500 to the County of San Diego, \$1,095,384 to the San Diego Foundation and \$2,018,547 to SANDAG to reflect the government's assumption of ownership and accountability for the ongoing operations and maintenance of the assets. These contributions represent a reduction in capital assets and are not restricted to specific programs per the government-wide statement of activities.
- *TransNet* program expenses increased \$14,018,594, which is primarily due to Local Street Improvement project expense increase of \$3,587,509, Smart Growth program cost increase of \$6,111,022, New Major Corridor Transit Operations cost increase of \$3,542,023 as well as Transit System Improvements cost increase of \$1,291,685. These expenses were based on recipient requests of *TransNet* funds for eligible costs, which were higher in fiscal year 2020 in relation to fiscal year 2019 as a result of a three-year cycle of call for projects started in fiscal year 2019 and those expenses increased as grantees requested reimbursements on their *TransNet* Active Transportation Grants to continue making timely progress toward completion of the projects.
- During the year, Sustainable Development project expenses increased by \$6,887,451, or 72.9 percent. This increase was a direct result of major work on the San Diego Forward Regional Plan, which incurred higher costs to meet state and federal laws and regulations. As a major planning project, the Regional Plan serves as the Regional Transportation Plan for the San Diego region and embodies a unified vision for our future in the next 30 years, as well as a specific approach to help make that vision a reality.

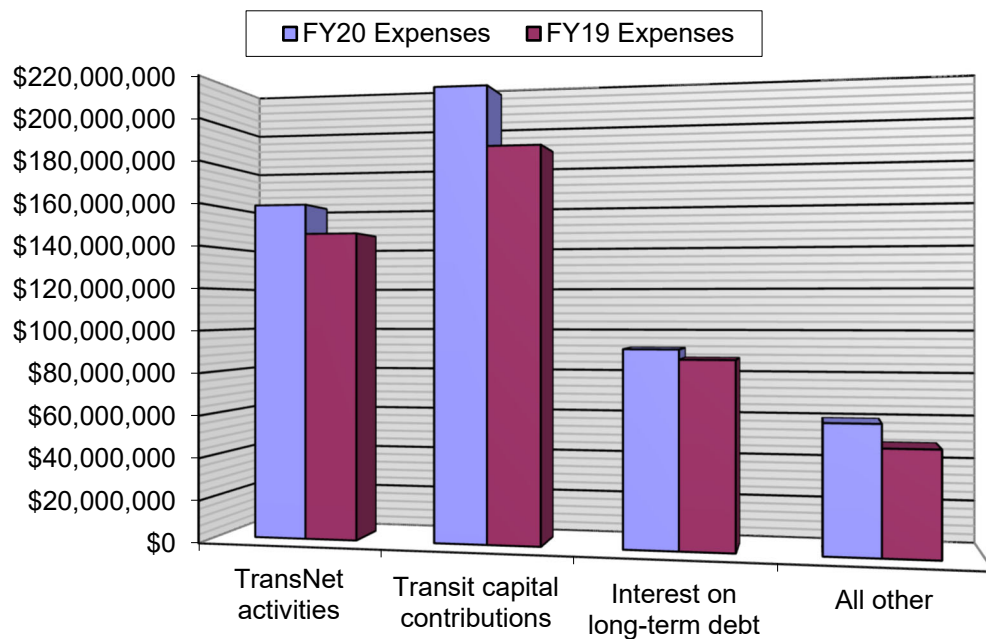
Business-type activities. Business-type activities decreased the SANDAG net position by \$3,748,747, because of total revenue of \$52,732,541 exceeding total expenses of \$42,650,826 by \$10,081,715 offset by a net transfer out of \$13,830,462.

Key elements of the revenue and expense differences between fiscal year 2020 and fiscal year 2019 for business-type activities are as follows:

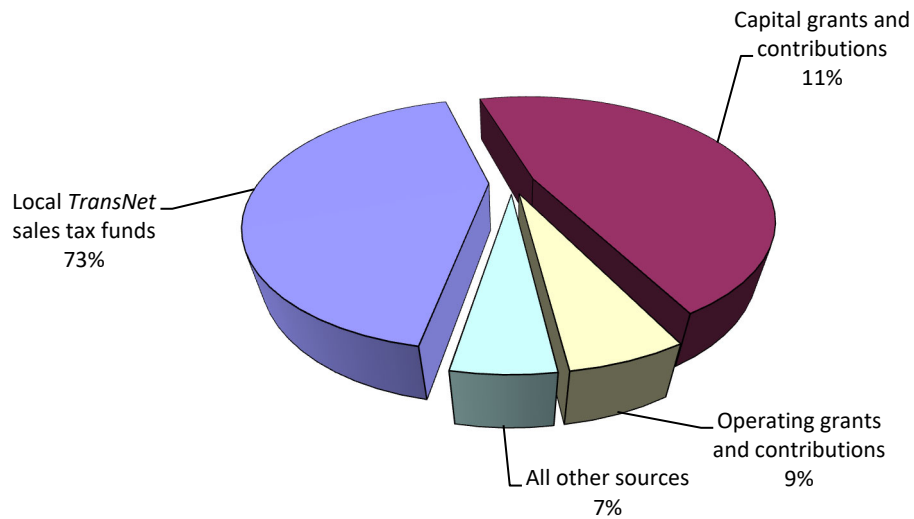
Total revenue for business-type activities decreased \$6,991,102, or 12.0 percent, in fiscal year 2020. This revenue decrease was primarily the result of a decrease in the utilization of the SR 125 toll road and I-15 high occupancy vehicle (HOV) toll lane by commuters. In March 2020, the State of California issued a statewide shelter-in-place order that was the contributing factor to the toll road utilization decrease and continues to have a significant impact on the operations and business results of the toll road. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus.

Total expenses for business-type activities increased \$642,883 in fiscal year 2020. This was primarily a result of an increase in operating expense for the I-15 HOV toll lane operations.

Expenses – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, SANDAG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of SANDAG governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SANDAG financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, SANDAG governmental funds reported combined ending fund balances of \$743,100,031. Of this total amount, \$6,779,761 constitutes unassigned fund deficit. The remainder of the fund balance is either nonspendable, restricted or committed.

The general fund is the chief general government operating fund of SANDAG. At the end of the current fiscal year, fund balance of the general fund was \$19,850,970, and of this amount, \$409,802 was nonspendable prepaid items, \$8,182,701 was restricted for pension related costs, \$5,302,000 was SANDAG Board approved contingency reserve balance. The fund balance of the general fund during the current fiscal year increased by \$790,780. The key factors contributing to this increase is the investment earnings of \$578,011 and the electronic payment program rebate and other miscellaneous revenue of \$110,409. The TDA Program revenue received by the agency was lower than the actual expenditures of the TDA-eligible projects funded by the TDA Program revenue in fiscal year 2020. The agency's receipt of TDA Program revenue was based on the SANDAG portion of the total apportionment of available TDA sales tax revenues. SANDAG funds TDA-eligible project expenditures as a transfer to other funds on a reimbursement basis, which is not always equal to the revenue apportioned. The timing difference between the TDA revenue received and expenditures incurred resulted in the fund balance increase in the current fiscal year. A portion of the unused revenues accumulated in previous years as part of the fund balance was used this fiscal year to cover for the costs of these TDA-eligible projects.

The Commission sales tax projects special revenue fund had a fund balance of \$524,159,234, all of which was restricted. The fund balance of this fund during the current fiscal year was decreased by \$29,768,024. Key factors contributing to this decrease are as follows:

- Total fund expenditures and transfers out to the general fund, general services fund, capital projects fund and debt service fund were \$179,308,142 and \$272,832,198, respectively, which exceeded fund revenue by \$122,117,113 due to increased capital project costs offset by net interfund transfers in of \$92,349,089 primarily from the Commission's debt service fund for the use of debt proceeds toward major corridor and major corridor environmental mitigation projects and for principal and interest payments. The transfers in of \$83,849,089, which is predominantly bond proceeds, are reduced by sales tax receipts transfers out of \$132,677,284 that are transferred to the debt service fund for payment of debt principal and interest.

The capital projects fund had a fund deficit of \$3,891,428. The fund balance of the capital projects fund decreased by \$3,289,996 during the current fiscal year primarily due to revenue recognition timing between fiscal year 2020 and fiscal year 2019.

The Commission commercial paper and sales tax revenue bonds debt service fund (RTC debt service fund) had a fund balance of \$152,314,193, all of which was restricted. The fund balance of the debt service fund during the current fiscal year increased by \$49,721,294, and key factors for this increase are as follows:

- Expenditures in the current year exceeded revenues by \$120,369,327 due to required debt payments of commercial paper and the 2008, 2010, 2012, 2014, 2016, 2019, 2020 bonds and 2018 short-term notes that included principal and interest payments and other charges, offset with the receipt of federal subsidy revenue for the 2010 Buy America Bonds net interest payment.
- Net interfund transfers in of \$48,828,195 were primarily transfers with the special revenue fund for the use of sales tax revenue toward the partial refunding of the existing debt and to meet required principal and interest payments on outstanding debt obligations.
- Issuances of \$29,378,000 in Commercial Paper, \$517,440,000 in Bonds along with \$20,448,312 in premiums provided additional sources of financing in FY 2020

The SANDAG debt service fund had a fund balance of \$47,013,667. This fund was established in FY 2020 to account for the Capital Grant Receipts Revenue Bonds (Mid-Coast Corridor Transit Project) Series 2019A and Series 2019B issued in August 2019.

The general services fund had a fund deficit of \$5,032,976. The fund balance of the general services fund decreased by \$5,178,499 during the current fiscal year primarily due to the revenue recognition timing between FY 2020 and FY 2019, offset by \$31 million fund transfer in from sales tax projects special revenue fund and General Fund.

The SAFE special revenue fund had a fund balance of \$8,686,371. The fund balance increased \$102,711 in the current fiscal year due to revenue exceeding operating expenses by \$1,598,461 and offset by a transfer out of \$1,495,750 to the Capital Projects fund.

General Fund Budgetary Highlights

The general fund is the SANDAG primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. During the fiscal year, there was a fund expense reduction between the original and final amended budget.

- Local TDA sales tax revenues were equivalent to the SANDAG apportionment of FY 2020 TDA sales tax plus administrative and planning funds transferred to SANDAG by the local transit agencies. SANDAG budgets TDA revenues to fund eligible projects as a transfer to other funds on a reimbursement basis, which is not always equal to the claim amount.
- Actual transfers out were lower than the budget by \$1,642,396. The budget is comprised of TDA and Member Assessment funding expected to be transferred to other funds to pay for eligible project expenditures. Project expenditures in the general services fund, some of which are funded with TDA funds, were under budget with some projects experiencing delayed work efforts. Projects are initially funded using dedicated funds before TDA funding is applied, allowing TDA to be carried over for work efforts in FY 2021.
- General government actual expenses were below the budgeted amount by \$6,926,001. This is primarily related to salaries and benefits savings of \$5,262,108 caused by employee turnover and the resulting vacancies in those staff positions while recruiting efforts were underway. The actual non-personnel expense is below the budgeted amount by \$1,663,000 primarily attributable to actual spending timing difference of the agency system modernization program budget and under spending in the professional services line item.
- Cost recovery expenses were lower than the budget by \$5,112,900. Cost recovery amount was determined by applying an approved indirect cost rate to the direct base salary amount. This variance is a result of the direct personnel costs lower than the budgeted amount due to staff turnover.

Capital Assets

SANDAG investment in capital assets for its governmental activities, as of June 30, 2020, amounts to \$2,118,409,257 (net of accumulated depreciation).

Capital Assets (Net of accumulated depreciation)

	Governmental activities	
	2020	2019
Governmental activities:		
Construction-in-progress	\$ 2,072,299,466	\$ 1,794,819,222
Easement	17,004,331	15,950,412
Office equipment	8,743	13,026
Computer equipment	752,185	349,910
Other equipment	291,409	439,978
Vehicles	3,535,592	4,431,194
Buses	39,335	75,168
Leasehold improvements	162,500	-
Land	19,609,644	19,609,644
Land Improvement	3,780	4,835
Building	4,756,865	4,858,672
Governmental activities capital assets, net	<u>\$ 2,118,463,850</u>	<u>\$ 1,840,552,061</u>

Additional information on SANDAG capital assets can be found in Note II.C in the notes to the basic financial statements of this report.

Major projects under construction as of June 30, 2020, include:

- *TransNet* projects. These include major corridor projects for I-5, I-15, I-805, State Route 76, the Mid-Coast Corridor, and the Transportation Project Biological Mitigation Fund. The CIP balance for those projects is \$2.1 billion and the overall cumulative fiscal year 2020 approved budget for EAP projects through fiscal year 2028 is \$8.1 billion.

Debt Administration

Long-term debt. At the end of the current fiscal year, SANDAG had total debt outstanding of \$3,074,297,125, which is comprised of \$1,438,975,000 of tax-exempt sales tax revenue bonds, \$338,960,000 of BABs (sales tax revenue bonds), net premium on the tax-exempt bonds of \$106,983,254, \$537,480,000 of 2018 short-term notes with a premium of \$8,032,713, \$58,213,000 of outstanding commercial paper notes, grant anticipation notes of \$335,000,000 with a premium of \$30,676,658, compensated absences payable of \$3,362,012, claims payable of \$238,157, and \$186,755,000 of 2017 Series A toll revenue bonds with \$31,621,331 premium.

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Sales tax bonds	\$ 1,884,918,254	\$ 1,845,785,956	\$ -	\$ -	\$ 1,884,918,254	\$ 1,845,785,956
2018 short-term notes	545,512,713	556,222,998	-	-	545,512,713	556,222,998
Commercial paper	56,213,000	28,692,000	-	-	56,213,000	28,692,000
Grant anticipation notes	365,676,658	-	-	-	365,676,658	-
Compensated absences	3,116,728	2,279,416	245,284	214,587	3,362,012	2,494,003
Claims payable	-	25,000	238,157	500,000	238,157	525,000
2017 Series A toll revenue bonds	-	-	218,376,331	225,131,369	218,376,331	225,131,369
Total	\$ 2,855,437,353	\$ 2,433,005,370	\$ 218,859,772	\$ 225,845,956	\$ 3,074,297,125	\$ 2,658,851,326

In addition to the debt noted in the schedule above, net pension liability of \$55,664,357 and Other Post-Employment Benefit liability of \$1,555,253 are included in fiscal year 2020. See Note II.K and II.L for further information.

SANDAG total debt, including compensated absences, increased \$422,633,131, which is primarily a result of issuances of grant anticipation notes and 2019 and 2020 sales tax bonds offset by the debt principal paydown and bond premium amortization.

Additional information on SANDAG long-term debt can be found in Note II.G in the notes to the basic financial statements of this report.

Economic Factors and Next Year's Budgets

- The Overall Work Program (OWP) and Regional Operations Program are the non-capital portions of the Program Budget. For the OWP, federal consolidated planning grant sources are expected to grow by 4.8 percent in fiscal year 2021, with local sales tax revenue originally expected to decrease by 4.0 percent. However, COVID-19 has not had as much of a negative impact on sales tax revenues through the first five months of the fiscal year and are relatively flat over the prior year. The total fiscal year 2021 OWP budget is \$46.3 million. Planning efforts continue to increase in the development of the Regional Plan and work continues the agency's Strategic Initiatives of becoming a data-driven organization.
- The FY 2021 Regional Operations Program budget was approved for \$62.9 million in the fiscal year 2021 budget and consists of the ongoing activities that require 24-hour monitoring, including the SR 125 Facilities Operations, Motorist Aid Call Box program, I-15 *FasTrak*, Freeway Service Patrol,

property management, and ARJIS. COVID-19 has led to a significant reduction in traffic on all local freeways, and as a result, some motorists that regularly travel the SR 125 toll road and I-15 Express Lanes have temporarily switched to free alternatives with reduced congestion. It was originally estimated that revenue will decrease from original FY 2020 forecasts by 11% on SR 125 and 14% on the I-15 Express Lanes. However, since COVID-19 pandemic has continued longer than originally anticipated the usage on the toll roads has not recovered and further revenue decreases are expected. In the Capital Budget, cumulative capital project funding through fiscal year 2029 as approved in the fiscal year 2021 budget remained at \$8.6 billion with \$6.5 billion already expended and \$2.1 billion budgeted for future expenditures, as more Regional Bikeway Projects move into the construction phase. SANDAG continues to partner with Caltrans and the transit operators to implement major transit and highway projects throughout the San Diego region.

- SANDAG continues to strive for continuous improvement by implementing cost-effective measures to maximize the efficiency of the general fund expenditures. In fiscal year 2021, emphasis is placed on an agency-wide modernization program that provides technology improvements to increase overall efficiencies. Administrative expenditures are increasing 7.3 percent, with an approved budget of \$18.5 million, primarily due to increased information and technology costs.
- Actual cash basis sales tax collections have increased in 22 of the last 26 years of collections, with decreases occurring in fiscal years 2008, 2009, 2010, and 2020. Actual sales tax receipts in fiscal year 2020 came in 2 percent lower than fiscal year 2019 actual receipts. The decrease from previous years is due to the COVID-19 related disruption and its recessionary impact on the economy.
- For the fiscal year 2020 budget, \$286 million in *TransNet* sales tax receipts is budgeted. The sales tax revenue budget will fund general government administration, bicycle, pedestrian, and neighborhood safety projects, the ITOC, major corridor capital projects, major corridor environmental mitigation, local project environmental mitigation, local street improvements, smart growth, new major corridor transit operations, and transit system improvements.

Requests for Information

This financial report was designed to provide a general overview of SANDAG finances for all those interested. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Finance, San Diego Association of Governments, 401 B Street, Suite 800, San Diego, California 92101, or emailed to the Public Information Officer at pio@sandag.org.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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San Diego Association of Governments
Statement of Net Position
June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals 2020	ARJS
ASSETS				
Cash and investments - unrestricted	\$ 683,821,496	\$ 40,996,408	\$ 724,817,904	\$ 8,614,765
Cash and investments - restricted	-	4,641,580	4,641,580	-
Accounts receivable	558,302	5,112,902	5,671,204	-
Prepaid items and other assets	4,269,977	532,115	4,802,092	333,451
Interest receivable	2,141,177	147,197	2,288,374	10,945
Due from other governments	179,116,052	572,581	179,688,633	1,261,953
Due from component units	124,374	-	124,374	-
Internal balances	(771,549)	771,549	-	-
Derivative instrument - swap asset	6,363,787	-	6,363,787	-
Restricted assets:				
Cash restricted for capital project retentions	54,506,668	34,285,520	88,792,188	-
Cash and investments restricted for debt service and other liabilities	95,069,342	18,476,695	113,546,037	-
Cash and investments restricted for environmental mitigation	1,177,237	-	1,177,237	-
Cash and investments restricted for major maintenance & project revenue	-	47,276,637	47,276,637	-
Capital assets:				
Non-depreciable	2,108,913,441	20,326,963	2,129,240,404	-
Depreciable, net of accumulated depreciation	9,550,409	300,668,956	310,219,365	28,018
Total assets	3,144,840,713	473,809,103	3,618,649,816	10,249,132
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging swap agreement	130,288,295	-	130,288,295	-
Deferred refunding charge	3,680,821	470,746	4,151,567	-
Pension related	9,545,845	2,787,416	12,333,261	1,064,634
Other post-employment benefit related	924,181	69,402	993,583	20,433
Total deferred outflows of resources	144,439,142	3,327,564	147,766,706	1,085,067
LIABILITIES				
Accounts payable	55,527,197	1,725,368	57,252,565	98,986
Retentions payable	3,915,681	348,843	4,264,524	-
Due to other governments	41,036,443	891,696	41,928,139	491,959
Due to primary government	-	-	-	124,374
Accrued interest payable	24,314,114	4,700,742	29,014,856	-
Transponder deposits payable	-	23,913	23,913	-
Unearned revenue	23,269,312	3,075,546	26,344,858	-
Derivative instrument - swap liability	130,288,295	-	130,288,295	-
Liabilities payable from restricted assets:				
Deposits payable	252,485	-	252,485	-
Retentions payable	55,798,307	-	55,798,307	-
Long-term debt payable - due within one year	31,146,861	-	31,146,861	-
Noncurrent liabilities:				
Due within one year	598,022,867	4,780,284	602,803,151	-
Due in more than one year	2,226,267,625	214,079,488	2,440,347,113	-
Net pension liability	44,921,136	7,347,695	52,268,831	3,395,526
Net other post-employment benefit liability	1,418,332	103,750	1,522,082	33,171
Total liabilities	3,236,178,655	237,077,325	3,473,255,980	4,144,016
DEFERRED INFLOWS OF RESOURCES				
Deferred refunding	9,389,365	-	9,389,365	-
Pension related	3,145,190	286,450	3,431,640	307,526
Other post-employment benefit related	36,232	32,441	68,673	27,055
Total deferred inflows of resources	12,570,787	318,891	12,889,678	334,581
NET POSITION				
Net investment in capital assets	803,549,001	102,412,780	905,961,781	28,018
Restricted for:				
Mid-coast project	34,085,951	-	34,085,951	-
Debt service and other liabilities	63,669,996	18,476,695	82,146,691	-
Environmental mitigation	1,177,237	-	1,177,237	-
Major maintenance post-acquisition	-	47,197,962	47,197,962	-
Project revenue	-	34,285,520	34,285,520	-
Toll road operations and improvements	-	35,410,702	35,410,702	-
Customer prepaid	-	69,404	69,404	-
Freeway emergency service	8,683,786	-	8,683,786	-
iCommute	-	9,071	9,071	-
Property management	-	1,374,831	1,374,831	-
Unrestricted (deficit)	(870,635,557)	503,486	(870,132,071)	6,827,584
Total net position	\$ 40,530,414	\$ 239,740,451	\$ 280,270,865	\$ 6,855,602

See accompanying Notes to the Basic Financial Statements.

San Diego Association of Governments
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government, net of cost recovery	\$ 1,811,022	\$ 1,094,852	\$ -	\$ -
Modeling and research	9,983,140	-	5,349,444	-
Criminal justice	1,103,957	225,951	4,639,738	-
Sustainable development	16,337,124	-	6,595,582	-
Sustainable mobility programs and services	21,612,236	-	15,514,874	-
Internal and external coordination	7,123,096	-	1,523,485	-
SAFE program	1,520,134	2,947,341	-	-
Bicycle facilities	365,593	-	-	-
Independent Taxpayer Oversight Committee	376,416	-	-	-
Major corridor projects	157,915	-	-	-
Major corridor environmental mitigation	15,124	-	-	-
Local project environmental mitigation	10,381	-	-	-
Local street improvements	79,726,182	-	-	-
Smart growth	8,809,836	-	-	-
New major corridor transit operations	19,797,658	-	-	-
Transit system improvements	51,033,075	-	-	-
Transit capital contributions	214,437,991	-	-	46,465,874
Interest on long-term debt	86,709,311	-	6,588,313	-
Total governmental activities	520,930,191	4,268,144	40,211,436	46,465,874
Business-type activities:				
Service Bureau	310,243	390,227	-	-
SourcePoint	11,510	4,416	-	-
Interstate 15 FasTrak	8,858,083	11,513,099	-	-
State Route 125 Toll Road	33,470,990	37,883,290	-	-
Total business-type activities	42,650,826	49,791,032	-	-
Total primary government	\$ 563,581,017	\$ 54,059,176	\$ 40,211,436	\$ 46,465,874
Component unit:				
ARJIS	5,488,485	4,917,635	373,594	-
Total component units	\$ 5,488,485	\$ 4,917,635	\$ 373,594	\$ -
General revenues:				
Local <i>TransNet</i> sales tax funds				
Local Transportation Development Act sales tax funds				
Investment earnings				
Other revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See accompanying Notes to the Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Totals	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals 2020	ARJIS
\$ 1,094,852	\$ (716,170)	\$ -	\$ (716,170)	\$ -
5,349,444	(4,633,696)	-	(4,633,696)	-
4,865,689	3,761,732	-	3,761,732	-
6,595,582	(9,741,542)	-	(9,741,542)	-
15,514,874	(6,097,362)	-	(6,097,362)	-
1,523,485	(5,599,611)	-	(5,599,611)	-
2,947,341	1,427,207	-	1,427,207	-
-	(365,593)	-	(365,593)	-
-	(376,416)	-	(376,416)	-
-	(157,915)	-	(157,915)	-
-	(15,124)	-	(15,124)	-
-	(10,381)	-	(10,381)	-
-	(79,726,182)	-	(79,726,182)	-
-	(8,809,836)	-	(8,809,836)	-
-	(19,797,658)	-	(19,797,658)	-
-	(51,033,075)	-	(51,033,075)	-
46,465,874	(167,972,117)	-	(167,972,117)	-
6,588,313	(80,120,998)	-	(80,120,998)	-
<u>90,945,454</u>	<u>(429,984,737)</u>	<u>-</u>	<u>(429,984,737)</u>	<u>-</u>
390,227	-	79,984	79,984	-
4,416	-	(7,094)	(7,094)	-
11,513,099	-	2,655,016	2,655,016	-
37,883,290	-	4,412,300	4,412,300	-
<u>49,791,032</u>	<u>-</u>	<u>7,140,206</u>	<u>7,140,206</u>	<u>-</u>
<u>\$ 140,736,486</u>	<u>(429,984,737)</u>	<u>7,140,206</u>	<u>(422,844,531)</u>	<u>-</u>
<u>5,291,229</u>				<u>(197,256)</u>
<u>\$ 5,291,229</u>				<u>(197,256)</u>
	313,251,738	-	313,251,738	-
	10,140,628	-	10,140,628	-
	12,735,311	2,115,859	14,851,170	145,987
	2,525,662	825,650	3,351,312	-
	13,830,462	(13,830,462)	-	-
	<u>352,483,801</u>	<u>(10,888,953)</u>	<u>341,594,848</u>	<u>145,987</u>
	(77,500,936)	(3,748,747)	(81,249,683)	(51,269)
	118,031,350	243,489,198	361,520,548	6,906,871
	<u>\$ 40,530,414</u>	<u>\$ 239,740,451</u>	<u>\$ 280,270,865</u>	<u>\$ 6,855,602</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENT FUND FINANCIAL STATEMENTS

San Diego Association of Governments
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds		
	General Fund	San Diego County Regional	
		Transportation Commission Sales Tax Projects Fund	Capital Projects Fund
ASSETS			
Cash and investments	\$ 14,286,144	\$ 494,095,956	\$ 5,047,854
Accounts receivable	28,025	-	40,266
Prepaid items and other assets	409,812	45,766	3,500,044
Interest receivable	14,001	2,016,929	-
Due from other funds	880,606	495,403	74,418,347
Due from other governments	151,799	60,094,932	24,282,325
Due from component units	124,374	-	-
Cash and investments - restricted	8,182,701	1,177,237	54,506,668
Total assets	\$ 24,077,462	\$ 557,926,223	\$ 161,795,504
LIABILITIES			
Liabilities:			
Accounts payable	\$ 119,894	\$ 623,581	\$ 47,496,123
Accrued liabilities	856,646	-	-
Retentions payable	-	4,905	2,572,618
Due to other funds	2,792,099	28,194,388	448,094
Due to other governments	457,853	4,944,115	29,600,365
Unearned revenue	-	-	21,145,494
Liabilities payable from restricted assets	-	-	55,798,307
Total liabilities	4,226,492	33,766,989	157,061,001
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	8,625,931
Total deferred inflows of resources	-	-	8,625,931
FUND BALANCES (DEFICIT)			
Nonspendable:			
Prepaid items	409,812	45,766	3,500,044
Restricted for:			
Pension benefits	8,182,701	-	-
Environmental mitigation	-	1,177,237	-
Debt service	-	-	-
TransNet-eligible projects	-	522,936,231	-
Mid-coast project	-	-	-
Freeway emergency service	-	-	-
Total restricted	8,182,701	524,113,468	-
Committed to:			
Agency contingency reserve	5,302,000	-	-
Unassigned	5,956,457	-	(7,391,472)
Total fund balances (deficit)	19,850,970	524,159,234	(3,891,428)
Total liabilities, deferred inflows of resources and fund balances	\$ 24,077,462	\$ 557,926,223	\$ 161,795,504

See accompanying Notes to the Basic Financial Statements.

			Totals
San Diego County Regional Transportation Commission Debt Service Fund	San Diego Association of Governments Debt Service Fund	Other Governmental Funds	2020
\$ 78,588,239	\$ 80,559,195	\$ 11,244,108	\$ 683,821,496
-	-	490,011	558,302
-	-	314,355	4,269,977
20,027	-	37,293	2,088,250
-	-	7,133,709	82,928,065
79,670,022	-	14,910,667	179,109,745
-	-	-	124,374
73,958,925	12,927,716	-	150,753,247
<u>\$ 232,237,213</u>	<u>\$ 93,486,911</u>	<u>\$ 34,130,143</u>	<u>\$ 1,103,653,456</u>
\$ 513	\$ -	\$ 6,402,923	\$ 54,643,034
-	-	27,517	884,163
-	-	1,338,157	3,915,680
-	46,473,244	5,791,789	83,699,614
-	-	6,034,110	41,036,443
-	-	2,123,818	23,269,312
252,485	-	-	56,050,792
252,998	46,473,244	21,718,314	263,499,038
79,670,022	-	8,758,434	97,054,387
79,670,022	-	8,758,434	97,054,387
-	-	314,355	4,269,977
-	-	-	8,182,701
-	-	-	1,177,237
73,706,440	12,927,716	-	86,634,156
78,607,753	-	-	601,543,984
-	34,085,951	-	34,085,951
-	-	8,683,786	8,683,786
152,314,193	47,013,667	8,683,786	740,307,815
-	-	-	5,302,000
-	-	(5,344,746)	(6,779,761)
152,314,193	47,013,667	3,653,395	743,100,031
<u>\$ 232,237,213</u>	<u>\$ 93,486,911</u>	<u>\$ 34,130,143</u>	<u>\$ 1,103,653,456</u>

See accompanying Notes to the Basic Financial Statements.

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San Diego Association of Governments
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 743,100,031
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets, non-depreciable	2,108,913,441
Capital assets, depreciable	20,954,916
Accumulated depreciation	(11,404,507)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds.	
Interest receivable - swap asset	52,927
Interest receivable - commercial paper	6,307
Some revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the governmental funds.	
	97,054,387
Long-term liabilities, including debt payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable - bond	(24,307,807)
Accrued interest payable - commercial paper	(6,307)
Commercial paper payable	(56,213,000)
Bond premium	(145,692,625)
Deferred refunding charge -deferred outflow of resources	3,680,821
Bonds payable	(2,650,415,000)
Deferred refunding - deferred inflow of resources	(9,389,365)
Compensated absences	(3,116,728)
Net pension liability and related deferred outflow and inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - pension related	9,545,845
Net pension liability	(44,921,136)
Deferred inflows of resources - pension related	(3,145,190)
Net other post-employment benefit (OPEB) liability and related deferred outflow and inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - OPEB related	924,181
Net OPEB liability	(1,418,332)
Deferred inflows of resources - OPEB related	(36,232)
Derivative instruments are not reported in the funds but must be reported in the statement of net position.	
Derivative instrument - swap asset	6,363,787
Accumulated decrease in fair value of hedging swap agreements	130,288,295
Derivative instrument - swap liability	(130,288,295)
Net Position of Governmental Activities	\$ 40,530,414

See accompanying Notes to the Basic Financial Statements.

San Diego Association of Governments
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	General Fund	San Diego County Regional Transportation Commission Sales Tax Projects Fund
REVENUES		
Federal funds	\$ -	\$ -
State funds	-	-
Local <i>TransNet</i> sales tax funds	-	313,251,738
Local Transportation Development Act sales tax funds	7,951,987	-
Other local governmental funding	-	-
SAFE program revenue	-	-
Member agency assessments	1,094,852	-
Investment earnings	578,011	16,600,049
Debt repayments from other governments	-	-
Other revenues	110,409	171,440
Total revenues	9,735,259	330,023,227
EXPENDITURES		
Current:		
General government	54,579,269	-
Cost recovery	(54,385,304)	-
Modeling and research	-	-
Criminal justice	-	-
Sustainable development	-	-
Sustainable mobility programs and services	-	-
Internal and external coordination	-	-
SAFE program	-	-
Bicycle facilities	-	6,426
Independent Taxpayer Oversight Committee	-	376,416
Major corridor capital projects	-	157,915
Major corridor environmental mitigation	-	15,124
Local project environmental mitigation	-	10,381
Local street and road improvements	-	109,104,182
Smart growth	-	10,029
New major corridor transit operations	-	19,797,658
Transit system improvements	-	49,830,011
Regional transportation improvements	-	-
Debt service:		
Principal retirement	-	-
Debt issuance costs	-	-
Interest and other charges	-	-
Payments to refunding escrow agent	-	-
Total expenditures	193,965	179,308,142
REVENUES OVER (UNDER) EXPENDITURES	9,541,294	150,715,085
OTHER FINANCING SOURCES (USES)		
Transfers in	1,068,506	92,349,089
Transfers out	(9,819,020)	(272,832,198)
Commercial paper issued	-	-
Bonds issued	-	-
Premium on bonds issued	-	-
Payments to refunding escrow agent	-	-
Total other financing sources (uses)	(8,750,514)	(180,483,109)
Net change in fund balances	790,780	(29,768,024)
FUND BALANCES (DEFICIT)		
Beginning of year	19,060,190	553,927,258
End of year	\$ 19,850,970	\$ 524,159,234

See accompanying Notes to the Basic Financial Statements.

Major Funds				
Capital Projects Fund	San Diego County Regional Transportation Commission Debt Service Fund	San Diego Association of Governments Debt Service Fund	Other Governmental Funds	Totals 2020
\$ 12,588,774	\$ 6,588,313	\$ -	\$ 19,127,470	\$ 38,304,557
27,368,748	-	-	7,566,002	34,934,750
-	-	-	-	313,251,738
2,188,641	-	-	-	10,140,628
6,478,748	-	-	1,299,364	7,778,112
-	-	-	2,947,341	2,947,341
-	-	-	225,951	1,320,803
-	3,401,768	3,587,633	171,254	24,338,715
-	4,150,792	-	-	4,150,792
150,000	2,093,813	-	-	2,525,662
<u>48,774,911</u>	<u>16,234,686</u>	<u>3,587,633</u>	<u>31,337,382</u>	<u>439,693,098</u>
-	-	-	-	54,579,269
-	-	-	-	(54,385,304)
-	-	-	9,983,140	9,983,140
-	-	-	1,103,957	1,103,957
-	-	-	16,337,124	16,337,124
-	-	-	19,500,160	19,500,160
-	-	-	7,123,096	7,123,096
-	-	-	1,520,134	1,520,134
-	-	-	359,167	365,593
-	-	-	-	376,416
-	-	-	-	157,915
-	-	-	-	15,124
-	-	-	-	10,381
-	-	-	-	109,104,182
-	-	-	8,799,807	8,809,836
-	-	-	-	19,797,658
-	-	-	1,203,064	51,033,075
493,168,391	-	-	-	493,168,391
-	31,642,000	-	-	31,642,000
-	854,744	1,564,502	-	2,419,246
-	99,827,008	9,597,917	-	109,424,925
-	4,240,102	-	-	4,240,102
<u>493,168,391</u>	<u>136,563,853</u>	<u>11,162,419</u>	<u>65,929,649</u>	<u>886,326,419</u>
<u>(444,393,480)</u>	<u>(120,329,167)</u>	<u>(7,574,786)</u>	<u>(34,592,267)</u>	<u>(446,633,321)</u>
441,390,988	132,677,284	-	31,012,229	698,498,096
(287,504)	(83,849,089)	(316,384,073)	(1,495,750)	(684,667,634)
-	29,378,000	-	-	29,378,000
-	517,440,000	335,000,000	-	852,440,000
-	20,448,312	35,972,526	-	56,420,838
-	(446,044,046)	-	-	(446,044,046)
<u>441,103,484</u>	<u>170,050,461</u>	<u>54,588,453</u>	<u>29,516,479</u>	<u>506,025,254</u>
<u>(3,289,996)</u>	<u>49,721,294</u>	<u>47,013,667</u>	<u>(5,075,788)</u>	<u>59,391,933</u>
<u>(601,432)</u>	<u>102,592,899</u>	<u>-</u>	<u>8,729,183</u>	<u>683,708,098</u>
<u>\$ (3,891,428)</u>	<u>\$ 152,314,193</u>	<u>\$ 47,013,667</u>	<u>\$ 3,653,395</u>	<u>\$ 743,100,031</u>

See accompanying Notes to the Basic Financial Statements.

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San Diego Association of Governments
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 59,391,933

Amounts reported for governmental activities in the statement of activities are different because:

Interest earnings (expense) in the government-wide statement of activities that do not provide current financial resources are not reported as interest revenues in the funds.

Commercial paper accrued interest revenue	(194,452)
Change in fair value of derivative instrument	(11,408,952)

Governmental funds report regional transportation improvements as expenditures. However, in the statement of activities, the cost of those assets consumes the current financial resources of governmental funds and has no effect on net position. The cost of the capital assets is allocated over their useful lives and reported as depreciation expense.

Capital assets additions and dispositions	2,236,937
Depreciation expense	(1,805,391)
Regional transportation improvements	486,812,931
Contributed to SANDAG fixed assets	(2,018,547)
Contributed to other government agencies	(207,314,140)

The issuance of long-term debt (e.g., bonds, commercial paper) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the government-wide statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Revenue bond principal retirement	29,785,000
Refunding escrow payments - principal	407,010,000
Refunding escrow payments - premium	43,274,147
Commercial paper issued	(29,378,000)
Commercial paper pass-through payments to other governments	29,378,000
Debt repayments from other governments - bond	(3,627,879)
Debt repayments from other governments - commercial paper	(522,912)
Commercial paper repayments	1,857,000
Bonds issued	(852,440,000)
Premium on bonds issued	(56,420,838)
Amortization expense on unamortized premium on bonds issued	25,380,685
Amortization expense on unamortized loss on bond refunding	(1,388,898)
Amortization expense on unamortized gain on bond refunding	295,344

Some revenues do not provide current financial resources, and therefore, are deferred in governmental funds.

5,634,891

Adjustments made to other liabilities and assets do not use current financial resources and, therefore, are not recognized in the funds.

Change in interest payable	847,727
Change in net OPEB liability and related accounts	129,774
Change in compensated absences	(837,312)
Claims payable	25,000
Change in net pension liability and related accounts	(2,202,984)

Change in Net Position of Governmental Activities **\$ (77,500,936)**

See accompanying Notes to the Basic Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

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San Diego Association of Governments
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities-Enterprise Funds		Totals
	Major Fund	Nonmajor	
	SR 125 Toll Road	Funds	2020
ASSETS			
Current assets:			
Cash and cash equivalents - unrestricted	\$ 3,895,375	\$ 37,101,033	\$ 40,996,408
Cash and cash equivalents - restricted	-	9,271	9,271
Accounts receivable	4,105,880	1,007,022	5,112,902
Prepaid items and other assets	526,322	5,793	532,115
Interest receivable	-	147,197	147,197
Due from other funds	760,775	1,458,440	2,219,215
Due from other governments	230,845	341,736	572,581
Total current assets	9,519,197	40,070,492	49,589,689
Noncurrent assets:			
Cash and cash equivalents - restricted	104,671,161	-	104,671,161
Non-depreciable capital assets	14,173,737	6,153,226	20,326,963
Depreciable capital assets, net of accumulated depreciation	296,420,783	4,248,173	300,668,956
Total noncurrent assets	415,265,681	10,401,399	425,667,080
Total assets	424,784,878	50,471,891	475,256,769
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources - refunding	470,746	-	470,746
Deferred outflow of resources - pension related	2,787,416	-	2,787,416
Deferred outflow of resources - OPEB related	69,402	-	69,402
Total deferred outflows of resources	3,327,564	-	3,327,564
LIABILITIES			
Current liabilities:			
Accounts payable	711,633	926,584	1,638,217
Accrued liabilities	332,435	-	332,435
Retentions payable	243,357	105,486	348,843
Due to other funds	1,410,335	37,331	1,447,666
Due to other governments	118,797	772,899	891,696
Security deposit	-	31,867	31,867
Transponder deposits payable	19,865	4,048	23,913
Unearned revenue	1,892,956	1,182,590	3,075,546
Interest payable	4,668,875	-	4,668,875
Long term liabilities due within one year	4,535,000	-	4,535,000
Total current liabilities	13,933,253	3,060,805	16,994,058
Noncurrent liabilities:			
Bonds payable	213,841,331	-	213,841,331
Claims payable	238,157	-	238,157
Net pension liability	7,347,695	-	7,347,695
Net OPEB liability	103,750	-	103,750
Total noncurrent liabilities	221,530,933	-	221,530,933
Total liabilities	235,464,186	3,060,805	238,524,991
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension related	286,450	-	286,450
Deferred inflows of resources - OPEB related	32,441	-	32,441
Total deferred inflows of resources	318,891	-	318,891
NET POSITION			
Net investment in capital assets	92,299,784	10,112,996	102,412,780
Restricted for:			
Debt service	18,476,695	-	18,476,695
Major maintenance and capital expenditure	47,197,962	-	47,197,962
Project revenue	34,285,520	-	34,285,520
Customer prepaid reserve	69,404	-	69,404
iCommute	-	9,071	9,071
Property management	-	1,374,831	1,374,831
Toll road operations and improvements	-	35,410,702	35,410,702
Unrestricted (deficit)	-	503,486	503,486
Total net position	\$ 192,329,365	\$ 47,411,086	\$ 239,740,451

See accompanying Notes to the Basic Financial Statements.

San Diego Association of Governments
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities - Enterprise Funds		Totals
	Major Fund	Nonmajor	
	SR 125 Toll Road	Funds	2020
OPERATING REVENUES			
State Route 125 Toll Road revenue	\$ 36,498,425	\$ -	\$ 36,498,425
Interstate 15 FasTrak permit revenue	-	11,425,005	11,425,005
Interstate 15 FasTrak fines and forfeitures revenue	-	88,094	88,094
Service Bureau transportation modeling service fees	-	390,227	390,227
SourcePoint charges for service	-	4,416	4,416
Other revenue	1,384,865	-	1,384,865
Total operating revenues	37,883,290	11,907,742	49,791,032
OPERATING EXPENSES			
Roadway operations expenses	2,469,721	4,079,409	6,549,130
SourcePoint iCommute operating expenses	-	6,065	6,065
Payroll and other compensation expenses	7,698,183	1,375,774	9,073,957
Administrative costs	1,256,576	38,300	1,294,876
Professional services	1,112,134	1,219,769	2,331,903
Claims expense	-	-	-
Depreciation	14,000,339	2,460,519	16,460,858
Total operating expenses	26,536,953	9,179,836	35,716,789
Operating income (loss)	11,346,337	2,727,906	14,074,243
NONOPERATING REVENUES (EXPENSES)			
Other income (expenses)	-	825,650	825,650
Interest income	1,310,907	804,952	2,115,859
Interest expense	(6,934,037)	-	(6,934,037)
Total nonoperating revenues (expenses)	(5,623,130)	1,630,602	(3,992,528)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,723,207	4,358,508	10,081,715
Transfers out	(5,321,060)	(8,509,402)	(13,830,462)
Total contributions and transfers	(5,321,060)	(8,509,402)	(13,830,462)
CHANGE IN NET POSITION	402,147	(4,150,894)	(3,748,747)
Net position:			
Beginning of year	191,927,218	51,561,980	243,489,198
End of year	\$ 192,329,365	\$ 47,411,086	\$ 239,740,451

See accompanying Notes to the Basic Financial Statements.

San Diego Association of Governments
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities - Enterprise Funds		Totals
	SR 125 Toll Road	Nonmajor Funds	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 37,661,313	\$ 11,883,002	\$ 49,544,315
Payments for employee salaries and benefits	(7,072,927)	(1,279,451)	(8,352,378)
Payments for operations	(4,707,211)	(5,747,848)	(10,455,059)
Net cash provided by (used for) operating activities	25,881,175	4,855,703	30,736,878
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	603,094	-	603,094
Transfer to other funds	(6,042,917)	(11,480,393)	(17,523,310)
Net cash provided by (used for) noncapital financing activities	(5,439,823)	(11,480,393)	(16,920,216)
CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES			
Acquisition and construction of capital assets	(5,317,848)	(2,017,414)	(7,335,262)
Principal payment on debt	(4,315,000)	-	(4,315,000)
Interest payment on debt	(9,445,625)	-	(9,445,625)
Proceed from disposition assets	5,500	-	5,500
Net cash provided by (used for) capital financing and related activities	(19,072,973)	(2,017,414)	(21,090,387)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from rent	-	672,592	672,592
Payment made for rental property	-	(672,592)	(672,592)
Interest received	1,310,907	1,072,662	2,383,569
Net cash provided by (used for) investing activities	1,310,907	1,072,662	2,383,569
Net increase in cash and investments	2,679,286	(7,569,442)	(4,890,156)
Cash and investments, beginning of year	105,887,250	44,679,746	150,566,996
Cash and investments, end of year	<u>\$ 108,566,536</u>	<u>\$ 37,110,304</u>	<u>\$ 145,676,840</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 11,346,337	\$ 2,727,906	\$ 14,074,243
Adjustments to reconcile net cash provided by (used for) operating activities:			
Depreciation	14,000,339	2,460,519	16,460,858
Gain on disposition of capital assets	(2,602)		(2,602)
(Increase) decrease in:			
Accounts receivable	(123,844)	49,366	(74,478)
Due from other governments	251,909	259,631	511,540
Prepaid expenses	437,953	-	437,953
Increase (decrease) in:			
Accounts payable	1,233,258	(815,166)	418,092
Retentions payable	-	26,412	26,412
Due to other governments	(493,775)	178,007	(315,768)
Accrued liabilities	(1,405,975)	-	(1,405,975)
Unearned revenue	67,007	(30,972)	36,035
Net pension liability	1,300,356	-	1,300,356
Pension related deferred outflows	(679,468)	-	(679,468)
Pension related deferred inflows	(28,455)	-	(28,455)
Net OPEB liability	23,169	-	23,169
OPEB related deferred outflows	(37,736)	-	(37,736)
OPEB related deferred inflows	(7,298)	-	(7,298)
Total adjustments	14,534,838	2,127,797	16,662,635
Net cash provided by (used for) operating activities	\$ 25,881,175	\$ 4,855,703	\$ 30,736,878
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Bond premium amortization	\$ (2,440,038)	\$ -	\$ (2,440,038)
Refunding loss amortization	36,325	-	36,325
Capital asset purchase included in accounts payable	389,151	182,917	572,068

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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**San Diego Association of Governments
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the San Diego Association of Governments (SANDAG) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body of establishing governmental accounting and financial reporting principles. The more significant of SANDAG accounting policies are described below.

A. Reporting entity

SANDAG was formed under a Joint Powers Agreement dated September 10, 1972 and was originally named the Comprehensive Planning Organization. The Joint Powers Agreement was amended on November 5, 1980, to change the agency's name to the San Diego Association of Governments. The member agencies include 18 incorporated cities from the San Diego region and the County of San Diego, California.

On January 1, 2003, SANDAG became a legislatively created regional government agency pursuant to the San Diego Regional Transportation Consolidation Act (Public Utilities Code Section 132350, et seq.). The SANDAG Board of Directors (Board) includes representatives from the 18 incorporated cities in the San Diego region and the County of San Diego. The effect of this legislation was to make SANDAG a permanent, rather than voluntary, association of local governments and to increase the SANDAG responsibilities and powers. The act also required the consolidation of the planning, programming, project development, and construction functions of the San Diego Metropolitan Transit Development Board, currently known as the Metropolitan Transit System (MTS) and the North San Diego County Transit Development Board, currently known as the North County Transit District (NCTD), into SANDAG.

As required by GAAP, these financial statements present SANDAG and its component units, entities for which SANDAG is considered to be financially accountable. Blended component units, although legally separate units are, in substance, part of an agency's operations, and so data from these units are combined with data of the agency. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the agency. SANDAG has two blended component units and one discretely presented component unit. All component units have a June 30 year end.

Included within the reporting entity as blended component units:

San Diego County Regional Transportation Commission (Commission) – The Commission is the agency established for the purpose of, and is responsible for, the implementation and administration of transportation improvement programs funded by the San Diego countywide one-half percent sales tax that was effective April 1, 1988, through 2008, as a result of the passage of Proposition A – The San Diego County Transportation Improvement Program. On November 2, 2004, the voters of San Diego County voted to extend the one-half percent sales tax for 40 more years to 2048. The Commission's governing board is the same as the SANDAG governing board. The Commission exclusively benefits SANDAG and SANDAG member agencies. The Commission is presented as two funds: (1) a special revenue fund type; and (2) a debt service fund type.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

SourcePoint – On April 15, 1982, SANDAG formed a nonprofit 501(c)(3) corporation, SourcePoint, for the purpose of providing fee-based products and services that meet the needs of decision-makers in the public and private sectors, while enhancing the quality and extent of demographic, economic, transportation, land use, criminal justice, and other information maintained in the Regional Information System. The SourcePoint governing board is the SANDAG Executive Committee, which is made up of six voting members from among the primary and alternate voting members of the SANDAG governing board. As a blended component unit of SANDAG, all of the members of the SourcePoint board are primary voting members of the SANDAG governing body, and SANDAG can, therefore, impose its will on SourcePoint activities. SANDAG is financially responsible for and benefits exclusively from SourcePoint activities. SourcePoint provides services directly to the public.

Included within the reporting entity as a discretely presented component unit:

Automated Regional Justice Information System (ARJIS) – ARJIS is a Joint Powers Agency established in December 1980 under a joint powers agreement with the County of San Diego and all municipalities in the County, including the City of San Diego. In January 2004, the joint powers agreement was amended, as public agencies of the San Diego region recognized the need for continued operation, maintenance, enhancement, and implementation of ARJIS in order to provide improved law enforcement capabilities within the San Diego region and designated SANDAG as the administrator, effective July 1, 2004. ARJIS provides a regional complex criminal justice enterprise information system utilized by more than 50 local, state, and federal agencies in the San Diego region. The ARJIS governing board is the SANDAG Public Safety Committee, which is made up of six members from among the primary and alternate voting members of the SANDAG governing board, as well as six voting public safety representatives, and various public safety advisory members. The ARJIS governing board is not substantively the same as the entire SANDAG governing board; however, a voting majority of the ARJIS board can be primary or alternate voting members of the SANDAG governing board, and SANDAG is the administrator of ARJIS. Therefore, SANDAG can and does impose its will on ARJIS activities. ARJIS provides services directly to the public.

Complete audited individual financial statements for the Commission, SourcePoint, and ARJIS component units may be obtained from SANDAG, 401 B Street, Suite 800, San Diego, California 92101, (619) 699-1900, sandag.org.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from the legally separate, discretely presented component unit for which the primary government is financially accountable.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds.

C. Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales tax is recognized as revenue in the year in which it is earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported 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 available when they are collectible within the current period or soon enough thereafter (generally 120 days after year end) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Revenues which are considered susceptible to accrual include sales tax, interest, and state and federal grants. In applying the subject to accrual concept to state and federal revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Other revenues are recorded as revenues when received in cash because they are generally not measurable until received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of SANDAG proprietary funds are toll revenues, charges for services, and iCommute promotions. Operating expenses for proprietary funds include roadway maintenance, cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SANDAG reports the following major governmental funds:

The *general fund* is the SANDAG primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from local Transportation Development Act (TDA) funds, member agency assessments, and cost recovery related to labor and overhead costs which are recovered through

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

operating and capital grants. Expenditures are primarily for general government overhead, net of cost recovery.

The special revenue *San Diego County Regional Transportation Commission sales tax projects fund* (Commission sales tax projects fund) accounts for the activities and resources of the Commission, a blended component unit, received pursuant to the countywide one-half percent local sales tax. These revenues are passed through to other governmental agencies to be spent in accordance with the *TransNet* ordinances, transferred to other SANDAG governmental funds, or transferred to the Commission's debt service fund to make principal and interest payments on the long-term debt sales tax revenue bonds, short-term notes and commercial paper.

The *capital projects fund* accounts for the resources and activities of SANDAG to provide for highway improvements and rail and bus capital improvements, and replacements and other capital implementation projects. Revenues are primarily derived from federal and state capital grants, TDA, and *TransNet* funds.

The *San Diego County Regional Transportation Commission debt service fund* (Commission debt service fund) accounts for the activities and resources accumulated for principal and interest payments on the long-term debt sales tax revenue bonds, short-term notes and commercial paper of the Commission, a blended component unit. Revenues are derived from interest earned on investments accumulated for the payment of principal and interest on the bonds, notes and commercial paper, proceeds of bonds, debt repayments from other governmental agencies, and the federal subsidy related to the 2010 Build America Bonds (BABs) issuance.

The *SANDAG debt service fund* accounts for the activities and resources accumulated for principal and interest payments on the long-term debt Capital Grant Receipts revenue bonds to finance a portion of the costs of the design and construction of the Mid-Coast Corridor Transit Project. Revenues are derived from interest earned on investments accumulated for the payment of principal and interest on the bonds and grant proceeds received from the U.S. Department of Transportation, Federal Transit Administration.

SANDAG reports the following other governmental fund types:

The special revenue *general services fund* accounts for the activities and resources of SANDAG to provide primarily for modeling and research, criminal justice, sustainable development, sustainable mobility programs and services, internal and external coordination and bicycle facilities. Revenues are primarily derived from federal, state, and local operating grants and contributions.

The special revenue *San Diego Service Authority for Freeway Emergencies (SAFE) fund* accounts for the activities of the SAFE program, which is responsible for purchasing, installing, operating, and maintaining a motorist aid system of call boxes in San Diego County. The SAFE program operation was transferred from the County of San Diego to SANDAG as of January 1, 2013, by the adoption of Assembly Bill No. 1572 (Fletcher, 2012).

SANDAG reports the following major proprietary funds:

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

The *State Route 125 toll road (SR 125) fund* accounts for the activities of the SANDAG SR 125 toll road, an 11.2-mile, limited-access highway in the County of San Diego. On December 21, 2011, SANDAG acquired the rights and interest in a Franchise Agreement between South Bay Expressway, LLC, and Caltrans. Under the Agreement, SANDAG has contractual rights to develop and operate the SR 125 toll road. The SR 125 fund was established in December 2011 as a proprietary fund under the oversight of SANDAG to operate the toll road.

SANDAG reports the following other proprietary fund types:

The *Service Bureau fund* accounts for activities of the SANDAG Service Bureau, which is a fee-based operation providing informational and technical services to member agencies, nonmember government agencies, private organizations, and individuals. The purpose of the Service Bureau is to offer products and services that meet the needs of decision-makers in the public and private sectors, while enhancing the quality and extent of demographic, economic, transportation, land use, criminal justice, and other information maintained in the SANDAG Regional Information System and the technology used to support it. One of the goals of the Service Bureau is to generate revenue to update and enhance the Regional Information System.

The *SourcePoint fund*, a blended component unit 501(c)(3) nonprofit agency, accounts for fee-based products and services of projects for clients with a requirement to conduct business with a nonprofit agency.

The *Interstate 15 (I-15) FasTrak® fund* accounts for the activities of the I-15 *FasTrak* program, which allows solo drivers to pay a toll to use the 16 miles of express lanes on I-15.

The *Property Management fund* accounts for the operating activities of commercial buildings and land purchased by SANDAG in the current fiscal year for the benefit and in support of the Mid-Coast Corridor Transit project undertaken by SANDAG.

Interfund balances and transfers have been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include: (1) charges to customers or other governmental agencies for services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include sales tax and other general revenues not restricted to specific programs.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

D. Budgetary information

1. Budgetary basis of accounting

An annual budget is adopted on a basis consistent with GAAP for the general fund, special revenue funds, debt service funds, proprietary funds, and capital projects fund.

2. Appropriations in excess of expenditures

The Commission sales tax projects fund ended the year with \$9,539,542 of expenditures in excess of appropriations, which is primarily the result of sales tax used for local street improvements, major corridor environmental mitigation programs and bicycle facilities. This fund is budgeted based on estimated sales tax revenues and does not include the use of debt proceeds or unspent revenue received in prior years.

The Commission debt service fund expenditures were \$29,787,468 below appropriations at June 30, 2020, which was primarily the result of the refunding of the 2010, 2012 and 2014 bonds in addition to the excess of variable-rate interest and swap payments and other costs on the 2008, 2010, 2012, 2014, 2016, 2018, 2019 and 2020 Series bonds.

E. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and investments

SANDAG considers all highly liquid investments with maturities of 90 days or less at the acquisition date to be cash and cash equivalents because they are readily convertible to known amounts of cash and are so near their maturity that they present an insignificant risk of change in value. Securities purchased with a maturity date greater than three months at the date of acquisition have been classified as investments.

SANDAG investment policies are in accordance with California Government Code Section 53601. See Note II.A.3 for further detail of allowable investments.

SANDAG voluntarily participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF). Deposits in the LAIF pool are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal loss. The LAIF investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is at amortized cost and is not rated. At June 30, 2020, LAIF had an average maturity of 191 days.

SANDAG is a voluntary participant in the CAMP, which is an investment pool, offered by the California Asset Management Trust. The trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500, et seq.) for the purpose of exercising the common power of its participants to invest certain proceeds of debt issues and

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

surplus funds. In accordance with Section 53601(p) of the California Government Code, CAMP's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601. Deposits in the CAMP are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal loss. SANDAG reports its investments in CAMP at amortized cost provided by CAMP, which is the same as the value of the pool share. At June 30, 2020, the pool had an average maturity of 53 days.

SANDAG also voluntarily participates in the San Diego County Treasurer's Pooled Money Fund (Pool), which is administered by the Treasurer-Tax Collector's Office. Deposits in the Pool are presented as cash and cash equivalents as they are available for withdrawal with two days' notice or immediate deposit at any time without prior notice or penalty and there is no significant risk of principal loss. The fair value of the SANDAG investment in the Pool is reported at amounts based upon the SANDAG pro rata share of the fair value provided by the Treasurer-Tax Collector's Office for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasurer-Tax Collector's Office, which is recorded on the amortized cost basis. Earnings realized on investments based on amortized cost are distributed to Investment Pool participants. Section 27013 of the California Government Code authorizes the Treasurer-Tax Collector's Office to deduct administrative fees related to investments. The net realized earnings on investments are apportioned to Pool participants quarterly, based on the participants' average daily balances. The County's annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101, and also can be accessed at www.sdttc.com.

In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3), SANDAG adheres to certain disclosure requirements. See Note II.A for more detail.

2. Fair value measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect SANDAG’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include SANDAG’s own data.

3. *Accounts receivable*

Accounts receivable are recognized when invoiced to customers. As of June 30, 2020, an allowance for uncollectible accounts was provided for accounts receivable. The allowance is determined by management to be uncollectible amounts based on historical collection percentages and other information.

4. *Interfund receivables and payables*

Activities between funds that are representative of short-term lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”.

5. *Prepaid items*

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. *Restricted assets*

Certain cash and cash equivalents and investments are restricted as these assets are restricted for debt service, their use is limited externally by applicable bond covenants, the assets are held for payment of future capital contract retention liabilities to be paid as work is completed, or the assets are set aside and held for *TransNet* environmental mitigation purposes.

7. *Capital assets*

Capital assets are reported in the applicable governmental or business-type activities in the government-wide financial statements, net of accumulated depreciation, except for construction-in-progress, land and easements which are not depreciated. Capital assets are defined by SANDAG as assets with an initial individual cost of equal to or greater than \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

The purchase of the SR 125 toll road and related assets were valued on the acquisition date at fair value. Donated capital assets are recorded at acquisition value rather than fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Capital assets are carried at cost and depreciated using the straight-line method based on the estimated useful life of the asset as follows:

Asset Type	Useful Life in Years
Office equipment	3
Computer equipment	3
Equipment and other	5
Vehicles	5
Leasehold improvements	5
Internally generated computer software	5
Electronic toll collection system	10
Buses	12
Toll road	31
Buildings	50
Land Improvements	5

8. *Deferred outflows/inflows of resources*

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources, which represents a consumption of assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. SANDAG has four items that qualify for reporting in this category in the government-wide statement of net position: (1) the accumulated decrease in fair value of the hedging swap agreement; (2) the deferred charge on refunding loss; (3) the pension-related amounts for the year based upon the accounting valuation (actuarial) report; and (4) the other post-employment benefit (OPEB) related amounts for the year based upon the accounting valuation (actuarial) report. See Note II.G for more information on SANDAG long-term debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources which represents an acquisition of assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. SANDAG has three types of this item that are reported in this category in the government-wide statement of net position: (1) pension-related amounts for the year based upon the accounting valuation (actuarial) report; (2) OPEB-related amounts for the year based upon the accounting valuation (actuarial) report; and (3) gains on advance refunding of debts.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

Unavailable revenue arises only under a modified accrual basis of accounting that qualifies for reporting in this category and, therefore, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues in the capital projects fund, Commission debt service fund, and general services fund. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

9. Net position

The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is “Net Position” on government-wide and proprietary fund financial statements.

The following terms are used in the reporting of net position:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt attributed to the acquisition, construction or improvement of these assets.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The following terms are used in the reporting of restricted net position:

Debt service and other liabilities consists of payments for future debt service.

Environmental mitigation consists of funding of various *TransNet* environmental mitigation projects.

Major maintenance post-acquisition consists of assets collected for the SR 125 toll road major maintenance projects.

Project revenue consists of other legally restricted assets of the SR 125 proprietary fund.

Toll road operations and improvements consists of assets collected for activities of the I-15 *FasTrak* program.

Customer prepaid reserve consists of advance payments made by the SR125 toll road users.

Property management consists of operating activities of the property acquired related to the Mid-Coast Corridor Transit Project.

Freeway emergency service consists of funding for the SAFE program.

iCommuter consists of assets received for the iCommuter program. Certain iCommuter activities are performed through SourcePoint, including providing regional information services, promotions, and programs for commuter services. The majority of iCommuter activities are performed through SANDAG; however, cash donations that are made by

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

iCommute sponsors are paid to SourcePoint to utilize the 501(c)(3) status. Those cash donations are used to purchase promotional items to encourage participation in the iCommute program. In fiscal year 2020, iCommute promotional expenses exceeded iCommute revenue generated through cash donations by \$7,094.

Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

The governmental activities unrestricted net deficit of \$870,635,557 results primarily from the issuance of the \$2,824,520,000 sales tax revenue bonds in 2008 (net of refunding), 2010 (net of refunding), 2012 (net of refunding), 2014 (net of refunding), 2016, 2019, 2020, the sales tax revenue short-term note in 2018, and the 2019 capital grant receipts revenue bonds, for transportation-related projects, primarily major corridor and the bicycle pedestrian program. The Commission plans to repay the bonds with future sales tax revenue which is dedicated for transportation projects. The short-term note will be repaid with the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. See Note II.F on long-term debt for further information.

The business-type activities unrestricted net position of \$503,486 results from the operations of the Service Bureau and SourcePoint programs.

10. Net position flow assumption

SANDAG funds outlays for particular purposes from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is SANDAG policy to consider restricted net position to have been depleted before unrestricted net position is applied.

11. Fund balance

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned based on the extent to which the Commission is bound to observe constraints imposed on the use of resources:

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form (such as prepaids) or (b) legally or contractually required to be maintained intact (such as endowments).

Restricted fund balance – amounts with constraints placed on their use that are (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. If the Board action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
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Committed fund balance – amounts that can only be used for specific purposes imposed by a formal action of the Board. The Board uses resolutions to commit fund balances. It includes legislation (Board action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Board action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted.

Assigned fund balance – amounts that are constrained by the Board's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed and does not require a formal action like a resolution or ordinance. The Board has not delegated to any other persons or bodies the authority to assign fund balance to specific purposes.

Unassigned fund balance – residual amounts which are not included in one of the other classifications and is the residual classification for the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The capital projects and general services funds report negative unassigned fund balances at year end due to timing of revenue recognition.

12. Fund balance flow assumptions

Sometimes SANDAG will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is SANDAG policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Long-term debt

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the governmental activities of the statement of net position. Debt premiums and discounts are amortized over the life of the bonds or short-term notes using the effective interest method. Debt payable is reported net of the applicable bond or short-term note premium or discount. Debt issuance costs are expensed in the period in which they are incurred.

See Note II.G for more information on SANDAG long-term debt.

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14. Other post-employment benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the SANDAG plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis they are reported by CERBT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB liabilities are liquidated by the general fund.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

15. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension liabilities are liquidated by the general fund.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

16. Compensated absences

It is SANDAG policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements; and proprietary funds report compensated absence amounts when earned. Based on the reduction in the compensated absences payables governmental funds of \$3,308,698 and proprietary funds of \$445,714, during fiscal year 2020, it was determined that the entire balance of compensated absences reported at June 30, 2020, is expected to be exhausted in fiscal year 2021. Because the turnover each year nets to approximately \$0, the entire balance is reported as current. Compensated absences are liquidated by the general fund.

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Notes to the Basic Financial Statements, Continued
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17. *Unearned revenues*

In the government-wide and fund financial statements, unearned revenues are resource inflows that do not meet the criteria for revenue recognition. Unearned revenues arise when resources are received by SANDAG before it has a legal claim to them, such as grant monies received prior to incurring the qualifying expenditures. When revenue recognition criteria are met, or when SANDAG has a legal claim to the resources, unearned revenue is removed from the Statement of Net Position and the revenue is recognized.

18. *Other financing sources and uses*

In the fund financial statements, issuance of debt, including commercial paper, bonds, short-term notes, premium on bonds and notes issued, and transfers in are reported as other financing sources. Transfers out and discounts on bonds issued are reported as other financing uses.

19. *Estimates*

The preparation of basic financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities, disclose contingent assets and liabilities at the date of the basic financial statements, and disclose the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

20. *Effects of new pronouncements*

There were no new pronouncements having an impact on the financial statements in FY 2020.

21. *Recent Event*

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results SANDAG. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

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II. DETAILED NOTES ON ALL FUNDS

A. Cash and investments

Cash, cash equivalents, and investments consisted of the following as of June 30, 2020:

Investment Type	Amount	Weighted Average Maturity (Days)	NRSRO Rating
Cash and cash equivalents:			
Cash - demand deposits	\$ 108,939,627	1	Not rated
Cash equivalents - NCTD Certificates of Participation	23,050,000	79	NR,A1
State of California Local Agency Investment Fund	68,025,348	191	Not rated
California Asset Management Program	292,086,863	53	AAAm
San Diego County Treasurer's Pooled Money Fund	184,042,339	556	AAAf / S1
Total Primary Government cash and cash equivalents	676,144,177	196	
Investments:			
U.S. Agencies	195,478,001	636	AA+, Aaa
Corporate Medium-Term Notes	71,531,263	737	A- to AAA
Supranational Agency Bond/Note	24,879,834	153	AAA,Aaa
Certificates of Deposit	6,431,654	82	A-1, A-1+
Asset-Backed Security	5,786,654	820	AAA,Aaa
Total Primary Government investments	304,107,406	612	
Total Primary Government cash, cash equivalents, and investments	980,251,583	282	
ARJIS:			
Cash - demand deposits	261,251	1	Not rated
California Asset Management Program	5,736,451	53	AAAm
San Diego County Treasurer's Pooled Money Fund	2,617,063	556	AAAf / S1
Total ARJIS cash and cash equivalents	8,614,765	324	
Total cash, cash equivalents, and investments	\$ 988,866,348		

At year end, the primary government's carrying amount of deposits was \$108,939,627, and the bank balance was \$118,624,002.

At year end, ARJIS' carrying amount of deposits was \$261,251 with \$65,435 in outstanding checks, aggregating to the bank balance of \$326,686. This balance was covered by federal depository insurance.

SANDAG is invested in two forward contract pay-variable, receive-variable investment derivative instruments with notional amounts of \$156,600,000 each. At the effective date of April 1, 2018, SANDAG began making monthly variable payments to the counterparty based on the current Securities Industry and Financial Markets Association (SIFMA) Swap Index and received variable

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payments based on 107.4 percent of three-month London Interbank Offered Rate (LIBOR). At June 30, 2020, these investment derivative instruments had a fair value of \$6,363,787, net of interest, and are not rated. Other applicable risks (credit risk, interest rate risk, basis risk, termination risk, roll-over risk, etc.) associated with the SANDAG investment derivative instruments are described in Note II.E.

1. Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit losses from interest rate risk, investments are generally limited to a maturity of 5 years or less, unless express authority is granted by the board. Endowment funds may also be invested in securities with maturities longer than 5 years with executive approval and given maturity does not exceed use of funds. Furthermore, SANDAG does not have callable step up United States Agency securities and holds investments in liquidity to sustain operations for the next 6 months. SANDAG is in compliance with all provisions of the investment policy.

2. Credit risk

Investments are subject to credit risk, which is the chance that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause price to decline. SANDAG maintains policies to manage credit risks, which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations for its investments.

The portfolio is diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Credit requirements listed in the investment policy apply at the time of purchase. In the event a security held by SANDAG is subject to a credit rating change that brings it below the minimum credit ratings specified for purchase, the Chief Financial Officer shall review the security. The course of action to be followed will then be decided by the Chief Financial Officer and either the Executive Director or the Chief Deputy Executive Director on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security. Any credit rating changes below the minimum credit ratings specified for purchase will be reported to the Board along with the findings and any actions taken.

The SANDAG portfolio is in compliance with all minimum rating requirements of the investment policy and did not experience any credit rating changes that brought a security below the minimum required credit ratings.

3. Concentration of credit risk

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual issuers. As disclosed in the table below, SANDAG maintains investment policies that establish thresholds for holdings of individual securities. SANDAG did not have any holdings meeting or exceeding the allowable threshold levels as of June 30, 2020.

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Authorized Investment Type	Maximum Effective Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
Treasury obligations	5 Years	N/A	N/A	N/A
Federal agencies and U.S. government sponsored enterprises	5 Years	N/A	N/A	N/A
State municipal obligations	5 Years	N/A	N/A	A-1/AA
Local agency obligations	5 Years	N/A	N/A	A-1/AA
Repurchase agreements	90 Days	N/A	N/A	A-1
Bankers' acceptances	180 Days	40%	10%	A-1
Commercial paper	270 Days	25%	10%	A-1
Medium-Term notes	5 Years	30%	10%	A
Negotiable certificates of deposits	5 Years	30%	N/A	A
Nonnegotiable certificates of deposit	5 Years	30%	N/A	N/A
State of California's Local agency investment fund (LAIF)	N/A	Set by LAIF	Set by LAIF	N/A
San Diego county treasurer's pooled investment fund	N/A	Set by LAIF	Set by LAIF	N/A
Savings/money market accounts	5 Years	Not to exceed equity	N/A	N/A
California asset management program	N/A	N/A	N/A	AA/A-2
Money market funds	5 Years	20%	N/A	AAA
Mortgage and asset-backed obligations	5 Years	20%	N/A	AA
Supranationals	5 Years	30%	N/A	AA

As of June 30, 2020, with the exception of investments that are explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments, SANDAG did not have any investments with more than 5 percent of the total investments under one issuer except for the following securities:

Investment	Total	Concentration of Credit Risk
Federal Home Loans Bank (FHLB)	\$ 35,552,363	12.74%
Federal Home Loan Mortgage Corp (FHLMC)	21,208,527	7.60%
Federal National Mortgage Association (FNMA)	31,280,662	11.21%
Federal Farm Credit Bank	47,335,346	16.96%
Inter-American Development Bank	14,615,470	5.24%

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4. Custodial credit risk

The California Government Code requires California banks and savings and loan associations to secure SANDAG cash deposits by pledging securities as collateral. This code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the SANDAG name.

The market value of pledged securities must equal at least 110 percent of SANDAG cash deposits. California law also allows institutions to secure SANDAG deposits by pledging first trust deed mortgage notes having a value of 150 percent of SANDAG total cash deposits. SANDAG may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. SANDAG, however, has not waived the collateralization requirements.

B. Receivables

Receivables as of June 30, 2020 for the primary government were as follows:

Receivables	Governmental Funds					Proprietary Funds		Total Primary Government
	General Fund	Commission Sales Tax Projects Fund	Capital Projects Fund	Commission Debt Service Fund	Other Government Funds	SR 125 Toll Road Fund	Non-Major Funds	
Sales tax	\$ -	\$ 60,094,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,094,932
Interest	14,001	2,016,929	-	20,027	37,293	-	147,197	2,235,447
Advance to member agencies for local street improvements	-	-	-	79,670,022	-	-	-	79,670,022
Grants	-	-	22,113,477	-	13,647,811	-	-	35,761,288
Accounts and other	179,824	-	2,209,114	-	1,752,867	4,336,725	1,348,758	9,827,288
Total receivables	\$ 193,825	\$ 62,111,861	\$ 24,322,591	\$ 79,690,049	\$ 15,437,971	\$ 4,336,725	\$ 1,495,955	\$ 187,588,977

Receivables as of June 30, 2020 for ARJIS were \$1,272,898 which is comprised of \$1,361,835 due from other governments for grants or services provided, net of allowance for doubtful account of \$99,882 and \$10,945 in interest receivable.

To ensure collection of toll revenue, the SR 125 uses a violation enforcement system capable of identifying vehicle license plates at any operating speed. Persons who fail to pay their tolls may be charged a penalty in addition to the toll. The SR 125 accrues violation revenue in an amount management expects to collect the following fiscal year.

Receivables as of June 30, 2020 reported for the SR 125 were \$4,336,725 which is primarily comprised of \$4,113,080 violations fines receivable, net of an allowance for doubtful accounts. Gross violation receivables as of June 30, 2020 was \$56,383,706 with an estimated uncollectible allowance of \$52,270,626.

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Similar to the SR 125, the I-15 also issues violation tolls and fines to violators. The I-15 is a high-occupancy toll lane, which allows for carpools and other exempt vehicles to use the roadway without charge. The I-15 reported \$6,351,227 violation tolls and fines with 100% allowance for doubtful accounts in FY 2020. The I-15 reported other receivables of \$30,660 and \$146,443 of interest receivable as well.

C. Capital assets

1. Primary government – governmental activities

Capital asset activity for the primary government-governmental activities for the year ended June 30, 2020 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction-in-progress	\$ 1,794,819,222	\$ 486,812,931	\$ (209,332,687)	\$ 2,072,299,466
Land	19,609,644	-	-	19,609,644
Easements	15,950,412	1,053,919	-	17,004,331
Total capital assets, not being depreciated	1,830,379,278	487,866,850	(209,332,687)	2,108,913,441
Capital assets, being depreciated:				
Infrastructure	-	207,314,140	(207,314,140)	-
Office equipment	225,729	-	(6,681)	219,048
Computer equipment	7,891,938	802,128	(370,971)	8,323,095
Equipment and other	871,091	-	-	871,091
Vehicles	5,753,548	218,390	(45,329)	5,926,609
Buses	164,713	-	-	164,713
Leasehold improvements	192,229	162,500	-	354,729
Buildings	5,090,356	-	-	5,090,356
Land improvement	5,275	-	-	5,275
Total capital assets, being depreciated	20,194,879	208,497,158	(207,737,121)	20,954,916
Less accumulated depreciation for:				
Office equipment	(212,704)	(4,282)	6,681	(210,305)
Computer equipment	(7,542,027)	(399,852)	370,971	(7,570,908)
Equipment and other	(431,112)	(148,570)	-	(579,682)
Vehicles	(1,300,246)	(1,136,099)	45,328	(2,391,017)
Buses	(111,654)	(13,726)	-	(125,380)
Buildings	(231,684)	(101,807)	-	(333,491)
Leasehold improvements	(192,229)	-	-	(192,229)
Land improvement	(440)	(1,055)	-	(1,495)
Total accumulated depreciation	(10,022,096)	(1,805,391)	422,980	(11,404,507)
Total capital assets, being depreciated, net	10,172,783	206,691,767	(207,314,141)	9,550,409
Governmental activities capital assets, net	\$ 1,840,552,061	\$ 694,558,617	\$ (416,646,828)	\$ 2,118,463,850

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Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:	Totals
General government	\$ 391,346
Transit system improvements	40,065
Sustainable mobility programs and services	1,240,943
Major corridor projects	133,037
Total	\$ 1,805,391

Infrastructure assets, as well as title to the assets, if applicable, were contributed to other governmental agencies responsible for public transportation operations. These contributions primarily represent major corridor and transit improvements as noted below.

Governmental agency	Capital contributions
North County Transit District	\$ 80,969,894
San Diego Metropolitan Transit System	118,697,988
Caltrans	5,676,466
City of San Diego	126,223
County of San Diego	695,500
City of Encinitas	52,685
The San Diego Foundation	1,095,384
Total	\$ 207,314,140

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Notes to the Basic Financial Statements, Continued
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2. Proprietary fund

Capital asset activity for the proprietary fund for the year ended June 30, 2020 was as follows:

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction-in-progress	\$ 14,373,104	\$ 3,973,859	\$ -	\$ 18,346,963
Land	1,980,000	-	-	1,980,000
Total capital assets, not being depreciated	16,353,104	3,973,859	-	20,326,963
Capital assets, being depreciated:				
Office equipment	263,500	10,241	-	273,741
Computer equipment	1,113,372	-	(159,172)	954,200
Vehicles	629,989	26,298	(12,420)	643,867
Equipment and other	168,581	5,686	-	174,267
Internally generated software	199,170	27,506	-	226,676
Toll road	402,903,389	-	-	402,903,389
Buildings	4,020,000	-	-	4,020,000
Electronic toll collection system	23,097,601	-	-	23,097,601
Total capital assets, being depreciated	432,395,602	69,731	(171,592)	432,293,741
Less accumulated depreciation for:				
Office equipment	(243,396)	(8,400)	-	(251,796)
Computer equipment	(528,635)	(285,267)	159,172	(654,730)
Vehicles	(330,008)	(98,753)	9,522	(419,239)
Equipment and other	(153,888)	(6,403)	-	(160,291)
Internally generated software	(183,202)	(17,496)	-	(200,698)
Toll road	(96,901,581)	(13,503,620)	-	(110,405,201)
Buildings	(603,000)	(80,400)	-	(683,400)
Electronic toll collection system	(16,388,911)	(2,460,519)	-	(18,849,430)
Total accumulated depreciation	(115,332,621)	(16,460,858)	168,694	(131,624,785)
Total capital assets, being depreciated, net	317,062,981	(16,391,127)	(2,898)	300,668,956
Proprietary activities capital assets, net	\$ 333,416,085	\$ (12,417,268)	\$ (2,898)	\$ 320,995,919

Depreciation expense was charged to the functions/programs of the business-type activities as follows:

Business-type activities:	Totals
SR 125 operations	\$ 14,000,339
Interstate 15 FasTrak operations	2,460,519
Total	\$ 16,460,858

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Effective December 21, 2011, SANDAG entered into an Asset Purchase and Sale Agreement with South Bay Expressway, LLC to acquire the seller's rights and interest in a Franchise Agreement between the seller and Caltrans. The Franchise Agreement gives the holder the right to operate a toll road (SR 125) in San Diego, California.

The fair value of the consideration paid was \$341.5 million. The consideration consisted of a cash payment of \$238.3 million, an additional cash component held in escrow in the amount of \$7.5 million, a promissory note with a principal amount of \$1.4 million and an assumption of indebtedness in the amount of \$94.2 million. The fair value of the total invested capital, including equity and assumed debt was \$402.9 million as of the valuation date and was allocated to each asset type shown in the above schedule.

In November 2017, the SR 125 refunded all acquisition debts by issuing \$194,140,000 toll revenue bonds.

3. Discretely presented component units

Capital asset activity for ARJIS, a discretely presented component unit, for the year ended June 30, 2020 was as follows:

Discretely presented component unit	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Computer equipment	\$ 1,634,132	\$ 7,241	\$ -	\$ 1,641,373
Internally generated computer software	10,216,693	-	-	10,216,693
Total capital assets, being depreciated	11,850,825	7,241	-	11,858,066
Less accumulated depreciation for:				
Computer equipment	(1,488,098)	(125,256)	-	(1,613,354)
Internally generated computer software	(10,216,694)	-	-	(10,216,694)
Total accumulated depreciation	(11,704,792)	(125,256)	-	(11,830,048)
Total capital assets, being depreciated, net	146,033	(118,015)	-	28,018
Total capital assets, net	\$ 146,033	\$ (118,015)	\$ -	\$ 28,018

D. Interfund receivables, payables, and transfers

The composition of interfund balances within the primary government as of June 30, 2020 was as follows:

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1. Due to/from other funds

		Due to other funds - Governmental Funds					
		Nonmajor Government Funds	Commission Sales Tax Projects Fund	Capital Projects Fund	General Fund	SANDAG Debt Service Fund	Total
Due from other funds	General Fund	\$ 9,551	\$ 867,239	\$ -	\$ -	\$ -	\$ 876,790
	General Services Fund	1,257,517	5,876,192	-	-	-	7,133,709
	Commission Sales Tax Projects Fund	-	-	448,094	47,309	-	495,403
	Capital Projects Fund	2,601,369	21,450,957	-	2,529,466	46,473,244	73,055,036
	Property Management Fund	637,250	-	-	-	-	637,250
	Service Bureau Fund	254,524	-	-	-	-	254,524
	I-15 FasTrak Fund	519,642	-	-	-	-	519,642
	SR 125 Toll Road Fund	511,936	-	-	215,324	-	727,260
	Total	\$ 5,791,789	\$ 28,194,388	\$ 448,094	\$ 2,792,099	\$ 46,473,244	\$ 83,699,614

		Due to other funds - Business-Type Funds		
		Nonmajor Enterprise Funds	SR 125 Toll Road Fund	Total
Due from other funds	General Fund	\$ 3,816	\$ -	\$ 3,816
	Capital Projects Fund	-	1,363,311	1,363,311
	I-15 FasTrak Fund	-	47,024	47,024
	SR 125 Toll Road Fund	33,515	-	33,515
	Total	\$ 37,331	\$ 1,410,335	\$ 1,447,666

Due to/from other funds includes the following types of interfund transactions:

Reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. The reimbursement is reported as expenditures or expenses in the reimbursing fund and a reduction of expenditures or expenses in the fund that initially incurred the expense.

Loans represent amounts provided with a requirement for repayment. Interfund loans are normally reported as interfund receivables (i.e. Due from Other Funds) in lender funds and interfund payables (i.e. Due to Other Funds) in borrower funds. The non-current portions of long-term interfund loans receivable are reported as advances.

2. Due to primary government and due from component unit

ARJIS reported \$124,374 as due to SANDAG at June 30, 2020.

3. Transfers in/out

Transfers in and out by fund for the fiscal year ended June 30, 2020 were as follows:

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		Governmental Funds Transfers Out						
Transfers In		General Fund	Commission Sales Tax Projects Fund	Capital Projects Fund	Commission Debt Service Fund	SANDAG Debt Service Fund	SAFE Fund	Total
		General Fund	\$ -	\$ 1,068,506	\$ -	\$ -	\$ -	\$ -
	General Services Fund	9,688,662	19,692,969	125,446	-	-	1,495,750	31,002,827
	Commission Sales Tax Projects Fund	-	-	-	83,849,089	-	-	83,849,089
	Capital Projects Fund	130,358	119,393,439	162,058	-	316,384,073	-	436,069,928
	Commission Sales Tax Debt Service Fund	-	132,677,284	-	-	-	-	132,677,284
	Total	\$ 9,819,020	\$ 272,832,198	\$ 287,504	\$ 83,849,089	\$ 316,384,073	\$ 1,495,750	\$ 684,667,634

		Business-Type Funds Transfers Out		
Transfers In		SR 125 Toll Road Fund	Interstate 15 FasTrak Fund	Total
		General Service Fund	\$ -	\$ 9,402
	Commission Sales Tax Project Fund	-	8,500,000	8,500,000
	Capital Projects Fund	5,321,060	-	5,321,060
	Total	\$ 5,321,060	\$ 8,509,402	\$ 13,830,462

Transfers from the general fund:

To the general services fund consist of the following items:

- \$9,112,170 transferred for projects that were budgeted to receive TDA funds.
- \$576,492 transferred for projects that were budgeted to receive member assessments.

To the capital projects fund consist of the following item:

- \$130,358 of TDA funds for the financial systems upgrade project.

Transfers from the Commission sales tax projects fund:

To the general fund:

- \$1,068,507 for one-half of the Board expenses budgeted to receive *TransNet* funds.

To the general services fund:

- \$19,692,968 for the *TransNet* grant program and overall work program projects budgeted to receive *TransNet* funds.

To the capital projects fund:

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- \$119,393,439 for capital projects budgeted to receive *TransNet* funds.

To the Commission debt service fund consists of the following items:

- Transfer of \$132,677,284 in *TransNet* sales tax revenue for bond and commercial paper principal and interest payments.

Transfers from the capital projects fund totaling \$287,504 consist of \$125,446 to the general services fund for the State of the Commute project and \$162,058 for the financial systems upgrade project.

Transfers from the Commission debt service fund:

To the Commission sales tax projects fund consist of the following items:

- \$4,150,792 of bond and commercial paper repayments for the County of San Diego and cities of Del Mar, Imperial Beach, La Mesa, National City, Oceanside, and Santee.
- \$6,588,313 return of *TransNet* sales tax funds that were advanced to the trustee for debt service payments and returned upon receipt of the 2010 Series A BABs federal subsidy.
- \$41,627,950 of bond proceeds used to fund *TransNet*-eligible capital projects.
- \$2,093,813 of gains from bond escrow restructuring during 2019 bond issuance, which refinanced the 2012 and 2014 bonds.
- \$29,378,000 of commercial paper proceeds issued to the cities of Imperial Beach, Oceanside and San Diego for *TransNet*-eligible projects.
- \$10,221 of debt investment fee allocation.

Transfers from the SANDAG debt service fund of \$316,384,073 to the capital projects fund for the design and construction of the Mid-Coast Corridor Transit Project.

Transfers from the SAFE fund of \$1,495,750 to the general services fund to match State Freeway Service Patrol operation funds, fund Traveler information systems, and fund Intelligent Transportation System infrastructure projects as permitted under legislation.

Transfers from the I-15 FasTrak fund of \$9,402 to the general services fund for a budgeted operating project and \$8,500,000 to swap *TransNet* funds to fund the I-15 *Rapid* operations and maintenance.

Transfers from the SR 125 fund totaling \$5,321,060 to the capital projects fund for the design and construction of the SR11 Otay Mesa East Port of Entry, to match federal funds on the Joint Transportation Operations Center and for the financial system upgrade project.

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E. Derivative instruments

SANDAG uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. An interest rate swap is the exchange of payments between SANDAG and a counterparty in order to potentially obtain a lower cost of funding than traditional fixed rate bonds, or to hedge interest rate exposure. SANDAG has entered into three pay-fixed, receive-variable interest rate swaps and two basis swaps to produce savings or to result in lower costs than what SANDAG would have paid using fixed-rate debt over the life of the 2008 Series ABCD Bonds.

The following describes the interest rate swaps and evaluates the risks for the swaps in which SANDAG currently participates:

1. 2008 interest rate swaps

Objective. In 2005, SANDAG entered into three forward interest rate swaps for \$200 million each in order to hedge the interest rate risk associated with future variable-rate revenue bonds expected to be issued in 2008 by “locking in” a fixed interest rate. The intention of SANDAG in entering into the swaps was to lock in a relatively low cost of funds on a substantial portion of the *TransNet* Early Action Program (EAP). The variable-rate bonds were issued in March 2008.

On May 23, 2012, SANDAG refunded \$151.5 million of the outstanding variable-rate bonds with fixed-rate bonds and terminated the associated interest rate swaps. The low fixed municipal interest rates at that time provided the opportunity for SANDAG to refund the 2013 through 2022 maturities of the Series 2008 variable-rate bonds (\$151.5 million in par) and terminate the associated swaps (also equal to \$151.5 million in notional amount) without increasing annual debt service. The purpose of this transaction was to reduce variable-rate exposure and swap counterparty risk at no additional cost to SANDAG. The current notional amounts of the swaps are, following the refunding described above, \$134.1 million each, totaling \$402.3 million.

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Objective and terms of hedging derivative instruments

The following table displays the objective and terms of SANDAG hedging derivative instruments outstanding at June 30, 2020 along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating Moody's/S&P
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series A and B bonds	\$134,100,000	5/23/2012	4/1/2038	Pay 3.8165%; receive SIFMA	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series B and C bonds	\$134,100,000	5/23/2012	4/1/2038	Pay 3.8165%; receive SIFMA	Aa2/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series C and D bonds	\$134,100,000	5/23/2012	4/1/2038	Pay 3.41%; receive 65% of USD-LIBOR	Aa2/A+

Fair values. The fair value balances and notional amount of derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

Governmental activities	Changes in Fair Value		Fair Value at June 30, 2020		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges: Pay-fixed interest rate swaps	Deferred outflows	(\$37,188,225)	Debt	(\$130,288,295)	\$402,300,000

The fair values of the derivative instruments were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2020. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2020, SANDAG was not exposed to credit risk on these swaps because they had negative fair values. However, should interest rates change and the fair values of the swaps become positive, SANDAG would be exposed to credit risk in the amount of the

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swaps' fair values. Favorable credit ratings of the counterparties (Bank of America and Goldman Sachs Mitsui Marine Derivative Products) mitigate this risk. As of June 30, 2020, Bank of America was rated Aa2 by Moody's and A+ by Standard & Poor's; and Goldman Sachs Mitsui Marine Derivative Products was rate Aa2 by Moody's and AA- by Standard & Poor's. The ratings are monitored by staff on a weekly basis. In addition, the fair value of the swaps will be fully collateralized by the counterparty with cash or U.S. government securities if the counterparty's credit quality falls below a rating of Baa2 by Moody's or BBB by Standard & Poor's. Collateral would be posted with a third-party custodian.

Interest rate risk. This is the risk that changes in market interest rates will adversely affect the net payment on the swaps. SANDAG is exposed to interest rate risk on its swaps when LIBOR and/or SIFMA decreases causing SANDAG net payment on swaps to increase.

Basis risk. This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable-rate debt issued in 2008. SANDAG is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate SANDAG pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on historical experience, the expectation is that the payments received under the agreements will approximate the expected bond payments over the 30-year term of the swaps. Due to the unfavorable market conditions during fiscal year 2020, SANDAG was exposed to basis risk since the variable rate received from the counterparty, was less than the variable rate SANDAG paid on the bonds.

Termination risk and termination payments. This is the risk that the transaction is terminated in a market dictating a termination payment by SANDAG. SANDAG can terminate the swap at the fair value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the contracts. SANDAG or the counterparties may terminate the swap if the other party fails to perform under the terms of the contracts, such as the failure to make swap payments. If the swap is terminated, the variable-rated demand bond (VRDBs) would no longer be hedged.

SANDAG effectively reduced the ongoing termination risk by refunding \$151.5 million in variable-rate bonds and terminating the same amount of the outstanding interest rate swaps in May 2012 under favorable market conditions with low fixed rates. Refunding additional maturities and terminating more of the interest rate swaps would have led to a net increase in debt service under a fixed-rate structure, which was contrary to SANDAG programmatic objectives. Consequently, the reduced amount of variable-rate bonds and interest rate swaps was left in place.

Rollover risk. This is the risk that maturity of the hedging derivative instruments is shorter than the maturity of the associated debt leaving SANDAG unprotected in the future. When these swaps terminate, or in the case of a termination option, if the counterparty exercises its option, SANDAG will be re-exposed to the risks being hedged by the swaps. SANDAG is exposed to rollover risk on the swaps only in the event of a failure to perform under the terms of the contracts by SANDAG or counterparty.

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Market access risk. This is the risk that SANDAG will not be able to enter credit markets or that credit will become more costly. The SANDAG financial rating is tied to the credit strength of the sales tax revenue. SANDAG also is exposed to market access risks caused by disruptions in the municipal bond market.

Reset rates paid and received by SANDAG. The range of weekly variable interest rates paid on the 2008 *TransNet* bonds by SANDAG to the bondholders for the period July 1, 2019 through June 30, 2020 are as follows:

Bondholder	Commission Pays Weekly Reset Rates	
	Low	High
Barclays Bank	0.05%	6.50%
Goldman, Sachs & Co.	0.05%	7.20%
JP Morgan Securities, Inc.	0.05%	4.90%
Stifel, Nicolaus & Company	0.04%	6.50%

Fixed rates are paid by SANDAG to the swap provider counterparties and sixty-five percent of LIBOR or SIFMA is received by SANDAG from the swap provider counterparties.

The following table includes the range of LIBOR rates received for one swap and the range of SIFMA rates received for two swaps; and the fixed rate paid to the swap counterparties from July 1, 2019, through June 30, 2020.

Swap Counterparty	Commission Receives 65% LIBOR		Commission Receives SIFMA		Commission Pays
	Low	High	Low	High	Fixed
Bank of America	0.11221%	1.56155%	N/A	N/A	3.410%
Bank of America	N/A	N/A	0.11862%	2.80548%	3.8165%
Goldman Sachs Mitsui Marine Derivative Products	N/A	N/A	0.11862%	2.80548%	3.8165%

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Actual debt service requirements versus the projected debt service on the swap transaction. For the fiscal year ending June 30, 2020, actual debt service was less than projected resulting in less variable-rate payments made on the bonds as compared to the variable-rate payments received from the swap in the amount of \$650,876 for fiscal year 2020:

Swap Counterparty	Actual Debt Service	Projected Debt Service	Variance	
			\$	%
Bank of America	\$ 4,462,896	\$ 4,572,811	\$ (109,915)	-2.4037%
Bank of America	4,867,471	5,117,926	(250,455)	-4.8937%
Goldman Sachs Mitsui Marine Derivative Products	4,827,420	5,117,926	(290,506)	-5.6762%
Totals	\$ 14,157,787	\$ 14,808,663	\$ (650,876)	-4.3952%

Over the life of the swaps from the issuance of the bonds through June 30, 2020, the cumulative excess of the variable-rate payments made on the bonds as compared to the variable-rate payments received from the swap counterparties is \$2,591,374. This means that the net variable rates that SANDAG is paying on the 2008 *TransNet* bonds is more than the variable rate that SANDAG is receiving; these rates originally were intended to offset and net to zero.

The total net cost of the program includes liquidity facilities with J.P. Morgan (Series A and B), Bank of America, N.A. (Series C), and State Street Bank and Trust Company (Series D). Standby Bond Purchase Agreement (SBPA) costs at year end for the Series A and B bonds is 39 basis points, the Series C bonds is 35 basis points, and the SBPA cost for the Series D bonds is 34 basis points.

2. 2018 basis rate swaps overlay to the 2008 interest rate swaps

Objective. On March 19, 2009, SANDAG entered into a SIFMA versus LIBOR floating-to-floating or “basis” swap. The combination of the Basis Swaps and the existing 2008 Interest Rate Swaps effectively amended the existing swaps without having to change the existing floating-to-fixed interest rate swaps. This overlay allowed SANDAG to bid out the new transaction to a group of potential counterparties without changing the existing 2008 Interest Rate Swaps. SANDAG entered into a new transaction with Barclays Bank PLC to overlay the terms under two of the 2008 Interest Rate Swaps, with an expected benefit to SANDAG of a substantial reduction in the cost of debt after the effective date of April 1, 2018.

Terms. The notional amounts of the swaps are \$145.8 million each in FY 2020. Under two of the 2008 Interest Rate Swaps, SANDAG pays the counterparties a fixed payment of 3.8165 percent and receives 65 percent of LIBOR (through April 2018) and thereafter receives the SIFMA index. The 2018 Basis Rate Swaps overlay these two 2008 Interest Rate Swaps with a payment of the SIFMA index and a receipt of 107.4 percent of LIBOR for the last 20 years of the swap (April 2018 to April 2038).

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Fair values. The swaps had a total combined positive fair value of \$6,363,787 at fiscal year-end. The fair values of the derivative instruments were estimated by an independent third party based on mid-market levels as of the close of business on June 30, 2020. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps.

Governmental activities	Changes in Fair Value		Fair Value at June 30, 2020		
	Classification	Amount	Classification	Amount	Notional
Derivative Instruments: Pay-floating Receive floating interest rate swaps	Investment earnings	(\$11,408,952)	Investment	\$6,363,787	\$291,600,000

Terms and fair value of investment derivative instruments

The following table displays the terms and fair value of the SANDAG investment derivative instruments outstanding at June 30, 2020 along with the credit rating of the associated swap counterparty:

Variable Rate Paid	Variable Rate Received	Trade Date	Effective Date	Maturity Date	Fair Value	Notional Amount	Counterparty Credit Rating*
SIFMA Swap Index	107.4% of 3-month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$ 3,181,893	\$145,800,000	A1/A/A+
SIFMA Swap Index	107.4% of 3-month USD-LIBOR	3/19/2009	4/1/2018	4/1/2038	\$ 3,181,894	\$145,800,000	A1/A/A+
Total					\$ 6,363,787	\$ 291,600,000	

*Moody's/S&P/Fitch

Credit risk. This is the risk that the counterparty will fail to perform under the terms of the agreements. As of June 30, 2020, SANDAG was exposed to credit risk on these swaps in the amount of \$6,363,787 which is the fair value of the derivative instruments net of collateral posted. However, should interest rates change and the fair value of the swaps become negative, SANDAG would not be exposed to any credit risk. The favorable credit rating of the counterparty mitigates this risk.

Collateral. To further mitigate credit risk, under terms of the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, dated March 19, 2009, by and between SANDAG and Barclays Bank PLC, upon a demand by either party, collateral may be posted by Barclays to

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the SANDAG Trust account or returned to Barclays; dependent upon the valuation amount each day. Collateral can be posted on amounts over \$15,000,000 when the minimum daily valuation change is at least \$250,000. Interest earned on collateral held by SANDAG is due to Barclays monthly. SANDAG reports collateral holdings, including interest earned, as deposits payable. At June 30, 2020, there was \$15,514 reported as deposits payable.

Netting. Under terms of the ISDA Master Agreement, in respect of the same transaction, SANDAG and Barclays may elect a net amount due and payable for the party with the larger aggregate amount over the smaller aggregate amount. SANDAG and Barclays elected the netting option, which resulted in net receipts of \$1,648,326 by SANDAG at year end.

Interest rate risk. This is the risk that changes in market interest rates will adversely affect the net payment on the swaps. SANDAG is exposed to interest rate risk on its swaps when LIBOR decreases causing SANDAG net payment on the swaps to increase.

Basis risk. This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable-rate debt issued in 2008. SANDAG is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate SANDAG pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, staff expects the overlay of the SIFMA to LIBOR Basis Rate Swaps to significantly reduce the costs of financing after 2018, assuming a return to normal, or even near to normal trading relationships. Due to the favorable market conditions during fiscal year 2020, SANDAG was not exposed to basis risk since the variable rate received was more than the variable rate paid and amounted to \$1,648,326.

Termination risk and termination payments. This is the risk that the transaction is terminated in a market dictating a termination payment by SANDAG. SANDAG can terminate a swap at the fair market value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the agreement. Given the positive fair value at June 30, 2020, SANDAG was in a favorable termination position relative to the market.

SANDAG Board Policy No. 032: San Diego County Regional Transportation Commission Interest Rate Swap Policy requires a contingency plan to either replace the swaps or fund the termination payments, if any, in the event one or more outstanding swaps are terminated. Should a swap be terminated, the excellent credit rating of SANDAG would allow it to assign the swap to another counterparty. Alternatively, if a swap is terminated and it has a negative fair value, SANDAG could use *TransNet* sales tax receipts to fund the termination payment.

F. Fair value measurement

SANDAG categorizes its fair value investments within the fair value hierarchy established by GAAP. SANDAG has the following recurring fair value measurements as of June 30, 2020:

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General Government	June 30, 2020	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Agencies	\$ 195,478,001	\$ 60,101,103	\$ 135,376,898	\$ -
Corporate Medium-Term Notes	71,531,263	-	71,531,263	-
Supranational Agency Bonds/Notes	24,879,834	-	24,879,834	-
Certificates of Deposit	6,431,654	-	6,431,654	-
Asset-Backed Securities	5,786,654	-	5,786,654	-
Total investments by fair value level	304,107,406	60,101,103	244,006,303	-
Derivative instruments				
Interest rate swaps	\$ (130,288,295)		\$ (130,288,295)	
Basis rate swaps	6,363,787		6,363,787	
Total derivative instruments	\$ (123,924,508)		\$ (123,924,508)	

Investment securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investment securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Derivative instruments are comprised of three forward interest rate swaps valued at (\$130,288,295) and two basis swap overlays valued at \$6,363,787.

G. Long-term debt

1. The 2008 Series ABCD bonds

In March 2008, SANDAG issued \$600,000,000 of variable-rate bonds to fund some of the major projects identified in the *TransNet* reauthorization (approved by voters in November 2004) under the *TransNet* Early Action Program. In June 2012, SANDAG refunded \$151,500,000 of the Series 2008 bonds and terminated a corresponding portion of the interest rate swaps relating to the Series 2008 bonds through the issuance of the 2012 Series A tax-exempt bonds.

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The principal requirements to maturity for the 2008 Series ABCD bonds are as follows:

Maturity (April 1)	Principal Amount	Interest on Debt	Hedging Derivative Instruments, Net	Total Interest
2021	\$ -	\$ 321,840	\$ 14,338,146	\$ 14,659,986
2022	-	321,840	14,338,146	14,659,986
2023	18,600,000	318,120	14,172,418	14,490,538
2024	19,200,000	303,120	13,504,160	13,807,280
2025	20,100,000	287,580	12,811,845	13,099,425
2026-2030	112,500,000	1,182,060	52,661,413	53,843,473
2031-2035	136,200,000	690,840	30,777,296	31,468,136
2036-2038	95,700,000	136,140	6,065,111	6,201,251
Total	\$ 402,300,000	\$ 3,561,540	\$ 158,668,535	\$ 162,230,075

The bonds bear interest at a variable rate, which is reset weekly. See Note II.E.1 for reset rate ranges for each remarketing agent. The above table incorporates the net receipts/payments of the hedging derivative instruments that are associated with this debt. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer to Note II.E.1 for additional information regarding the derivative instruments associated with the debt of SANDAG.

Under GASB 88, the 2008 Series ABCD bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

2. The 2010 Series A and B bonds

On November 10, 2010, SANDAG issued \$350,000,000 Series 2010 A and B fixed-rate bonds to finance the continued implementation of the *TransNet* program, principally consisting of transportation facility and public infrastructure improvements within the County of San Diego, to retire \$7,316,000 in outstanding commercial paper notes and to pay the costs of issuing the Series 2010 bonds. The Series A BABs totaled \$338,960,000 and carry a fixed interest rate of 5.911 percent (net interest rate of 3.991 percent after deducting the BABs federal subsidy) with a maturity date of April 1, 2048. The Series B tax-exempt bonds totaled \$11,040,000 with a fixed interest rate of 3.14 percent, based on an interest rate range of 2.00 to 5.00 percent and a maturity date of April 1, 2030.

On February 19, 2020, the Commission fully refunded \$4,765,000 of the 2010 Series B bonds with the issuance of the 2020 Bonds.

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The principal requirements to maturity for the 2010 Series A bonds, net of the federal subsidy, are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2021	\$ -	\$ 13,556,307
2022	-	13,556,308
2023	-	13,556,308
2024	-	13,556,307
2025	-	13,556,307
2026-2030	-	67,781,536
2031-2035	-	67,781,536
2036-2040	57,975,000	66,644,111
2041-2045	165,580,000	43,443,294
2046-2048	115,405,000	9,346,757
Total	\$ 338,960,000	\$ 322,778,771

Under GASB 88, the 2010 Series A and B bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

3. The 2012 Series A bonds

On June 14, 2012, SANDAG issued \$420,585,000 of 2012 Series A fixed-rate bonds to finance continued implementation of the *TransNet* program, principally consisting of transportation facility and public infrastructure improvements within the County of San Diego, to refund \$151,500,000 of the Series 2008 ABCD bonds, terminate a corresponding portion of the interest rate swaps relating to the Series 2008 ABCD bonds and pay the costs of issuing the 2012 Series A bonds. The 2012 Series A sales tax revenue bonds (limited tax bonds) totaled \$420,585,000 and carry a fixed interest rate of 3.703 percent with a maturity date of April 1, 2048.

On December 19, 2019 SANDAG partially refunded \$246,910,000 of 2012 Series A bonds with the issuance of the 2019 Series A bonds.

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The principal requirements to maturity for the 2012 Series A bonds are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2021	\$ 19,970,000	\$ 2,046,750
2022	20,965,000	1,048,250
Total	\$ 40,935,000	\$ 3,095,000

Under GASB 88, the 2012 Series A bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

4. The 2014 Series A bonds

On September 10, 2014, SANDAG issued \$350,000,000 2014 Series A sales tax revenue bonds to finance continued implementation of the *TransNet* program, principally consisting of transportation facility and public infrastructure improvements within the County of San Diego, to retire \$42,725,000 in outstanding commercial paper notes and to pay the costs of issuing the Series 2014 bonds. The 2014 Series A bonds include a premium of \$55,305,484 and carry an overall all-in interest rate of 3.85 percent with a maturity date of April 1, 2048.

On December 19, 2019 the Commission partially refunded \$155,335,000 of 2014 Series A bonds with the issuance of the 2019 Series A bonds.

The principal requirements to maturity for the 2014 Series A bonds are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2021	\$ 5,580,000	\$ 8,521,000
2022	5,860,000	8,242,000
2023	6,155,000	7,949,000
2024	6,460,000	7,641,250
2025	6,785,000	7,318,250
2026-2030	39,350,000	31,151,750
2031-2035	50,230,000	20,279,500
2036-2039	50,000,000	6,402,500
Total	\$ 170,420,000	\$ 97,505,250

Under GASB 88, the 2014 Series A bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the

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event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

5. The 2016 Series A bonds

On August 17, 2016, SANDAG issued \$325,000,000 2016 Series A sales tax revenue bonds to finance continued implementation of the *TransNet* program, principally consisting of transportation facility and public infrastructure improvements within the County of San Diego, to retire \$46,445,000 in outstanding commercial paper notes and to pay the costs of issuing the 2016 Series A bonds. The 2016 Series A bonds include a premium of \$78.8 million and carry an overall all-in interest rate of 3.283 percent with a maturity date of April 1, 2048.

The principal requirements to maturity for the 2016 Series A bonds are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2021	\$ 5,270,000	\$ 15,394,000
2022	5,535,000	15,130,500
2023	5,810,000	14,853,750
2024	6,105,000	14,563,250
2025	6,410,000	14,258,000
2026-2030	37,185,000	66,150,250
2031-2035	47,445,000	55,878,500
2036-2040	60,560,000	42,768,750
2041-2045	77,285,000	26,037,750
2046-2048	56,275,000	5,719,000
Total	\$ 307,880,000	\$ 270,753,750

Under GASB 88, the 2016 Series A bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

6. The 2017 Transportation Infrastructure Finance and Innovation Act loan (Direct Borrowing)

On June 27, 2017, SANDAG entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement with the United States Department of Transportation, a direct borrowing, to finance 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, SANDAG will pay an interest rate of 2.72 percent with anticipated disbursement of loan proceeds in 2021. SANDAG issued short-term financing during the period of project construction and

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expects to use the TIFIA loan proceeds to repay the short-term borrowing. At June 30, 2020, there was no outstanding obligation due.

Under GASB 88, the TIFIA loan is classified as a direct borrowing. The full line of credit balance of \$537,484,439 is unused at June 30, 2020. Sales tax revenues are pledged as collateral for the loan.

In the event of default, the TIFIA Lender is entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid under the TIFIA loan documents, and may prosecute any judgment or final decree against SANDAG and collect in the manner provided by law out of SANDAG's property the money adjudged or decreed to be payable. The TIFIA Lender will have all the rights and remedies of a creditor, including all rights and remedies, to the extent applicable to the Trust Estate, of a secured creditor under the Uniform Commercial Code and may take other actions necessary or desirable to collect all amounts payable by SANDAG under the loan agreement; provided, however, that any monetary judgment against SANDAG will be payable solely from the Trust Estate or from any other funds made available by SANDAG, in our discretion.

Whenever any Event of Default has occurred and continues, the TIFIA Lender may suspend or debar SANDAG from further participation in any Government program administered by the TIFIA Lender and may notify other departments and agencies of such default.

7. The 2018 Short-Term notes (Series A Limited Tax Bonds)

On April 1, 2018, SANDAG issued \$537,480,000 2018 Series A sales tax revenue short-term notes to finance costs associated with the Mid-Coast Corridor Transit Project, in advance of the TIFIA loan, to retire \$27,586,000 of outstanding commercial paper notes related to the Mid-Coast Corridor Transit Project, and to pay the costs of issuing the series 2018 short-term notes. The Series A sales tax revenue short-term notes include a premium of \$31.6 million and carries an overall all-in interest rate of 1.812% with a maturity date of April 1, 2021.

The principal requirements to maturity for the 2018 Series A short-term notes, are as follows:

Maturity (April 1)	Principal Amount	Interest Amount
2021	\$ 537,480,000	\$ 20,499,200
Total	\$ 537,480,000	\$ 20,499,200

Under GASB 88, the 2018 short-term notes are classified as other debts. Sales tax revenues are pledged as collateral for these notes. There is no unused line of credit on these notes. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

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8. The 2019 Series A bonds

On December 19, 2019, SANDAG issued \$442,620,000 2019 Series A sales tax revenue bonds to refund \$246,910,000 of the 2012 Series A and \$155,335,000 of the 2014 Series A bonds, and to pay the costs of issuing the Series 2019 bonds. The 2019 Series A bonds were issued at par and carry an overall all-in interest rate of 3.189 percent with a maturity date of April 1, 2048.

The refunding of the 2012 Series A and 2014 Series A bonds resulted in a reduction in total debt service payments over the next 28 years by \$92.7 million and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$63.1 million.

The principal requirements to maturity for the 2019 Series A bonds, are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2021	\$ -	\$ 13,617,419
2022	-	13,617,419
2023	6,435,000	13,617,419
2024	6,640,000	13,498,629
2025	6,585,000	13,370,743
2026-2030	34,915,000	64,601,830
2031-2035	41,425,000	59,867,619
2036-2040	71,515,000	53,146,839
2041-2045	163,610,000	34,388,362
2046-2048	111,495,000	7,320,018
Total	\$ 442,620,000	\$ 287,046,297

Under GASB 88, the 2019 Series A bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

9. The 2020 Series A bonds

On February 19, 2020, SANDAG issued \$74,820,000 2020 Series A sales tax revenue bonds to finance the continued implementation of the *TransNet* program, principally consisting of transportation facility and public infrastructure improvements within the County of San Diego including bicycle and pedestrian facilities, to refund \$4,765,000 of the 2010 Series B bonds, and to pay the costs of issuing the 2020 Series A bonds. The 2020 Series A sales tax revenue bonds include a premium of \$20,448,312 and carry an overall all-in interest rate of 2.623 percent with a maturity date of April 1, 2048.

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The advance refunding of the 2010 Series B bonds resulted in a reduction of total debt service payments over the next 10 years by \$922,410 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$855,551.

The principal requirements to maturity for the 2020 Series A bonds, are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2021	\$ 1,540,000	\$ 3,553,750
2022	1,620,000	3,476,750
2023	1,705,000	3,395,750
2024	1,785,000	3,310,500
2025	1,880,000	3,221,250
2026-2030	10,795,000	14,668,450
2031-2035	10,950,000	11,999,500
2036-2040	13,975,000	8,973,750
2041-2045	17,835,000	5,113,250
2046-2048	12,735,000	1,032,000
Total	\$ 74,820,000	\$ 58,744,950

Under GASB 88, the 2020 Series A bonds are classified as other debts. Sales tax revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the Commission shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held of thereafter received by the Trustee under any of the provision of the Indenture.

10. The 2019 Series A and B Capital Grant Receipts Revenue Bonds

On August 14, 2019 SANDAG issued \$335,000,000 2019 Series A and B Capital Grant Receipts Revenue Green Bonds to finance a portion of the costs of the design and construction of a 10.92 mile extension of the Metropolitan Transit System's San Diego Trolley Blue Line from the Santa Fe Depot in Downtown, San Diego to the University Town Center Transit Center, also known as the Mid-Coast Corridor Transit Project. The bonds include a premium of \$36.0 million with an overall all-in interest rate of 1.91% and a stated maturity date of November 15, 2027.

In September 2016, SANDAG entered into a Full Funding Grant Agreement with the U.S. Department of Transportation, Federal Transit Administration (FTA). Under the Grant Agreement, FTA committed a total of \$1,043,380,000 of grant receipts to the Mid-Coast project, of which \$430,024,740 has been received by SANDAG. SANDAG expects to receive the remaining balance of \$613,355,260 in installments over the next seven years from federal fiscal year (FFY) 2020 to FFY 2026. The 2019 Capital Grant Receipts Revenue bonds are to be fully repaid by grant receipts received from the FTA.

The principal requirements to maturity for the 2019 Series A and B bonds, are as follows:

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Maturity (Nov 15, May 15)	Principal Amount	Interest Amount
2021	\$ -	\$ 12,750,000
2022	-	12,750,000
2023	-	12,750,000
2024	48,630,000	11,534,250
2025	51,125,000	9,040,375
2026-2028	235,245,000	11,206,125
Total	\$ 335,000,000	\$ 70,030,750

Under GASB 88, the 2019 Series AB bonds are classified as other debts. Federal Grant Receipts are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, FTA will have all remedies at law and equity, including the right to specific performance, without further Federal financial assistance, and the rights to termination or suspension of the agreement. FTA, upon default, may also demand all federal funds provided to the Grantee for the project be returned.

11. Commercial paper notes (Direct Borrowing)

SANDAG issues tax-exempt Commercial Paper Notes (CPN) to provide interim financing for various *TransNet* projects including those for construction and acquisition activities and for advance-funding *TransNet* local street improvement projects, as a low cost and flexible source of capital financing.

At June 30, 2020, SANDAG was authorized to issue up to \$100,000,000 aggregate principal CPN, with \$100,000,000 in letters of credit in place. Rates paid under the Reimbursement Agreement with Bank of America supporting the CPN are 32 basis points and are set to expire on September 10, 2021. SANDAG CPN are issued with maturity dates ranging from one to 270 days at various interest rates.

During the fiscal year, the balance of notes issued and outstanding was \$56,213,000. Interest rates during the current year have varied from 0.22 percent to 1.42 percent, with maturities from 14 days to 118 days. The interest rate on the outstanding amount at June 30, 2020, was 0.22 percent on \$56,213,000 of notes, with a maturity of 63 days on \$5,000,000, 99 days on \$25,046,000, 74 days on \$22,367,000 and 118 days on \$3,800,000. As such, the outstanding amounts have been classified as current liabilities.

Under the terms of the CPN, maturing principal amounts can be rolled-over by issuing new notes. It is the intention of SANDAG to pay the accrued interest and reissue the principal amounts as they mature; other than any prescheduled principal repayments. Therefore, the principal debt service requirements shown in the table below include expected payments through the date of expiration of the current CPN agreements.

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Scheduled Repayment	Principal Amount	Interest Amount
2021	\$ 3,278,000	\$ 421,892
2022	4,663,000	416,690
2023	2,513,000	411,489
2024	1,596,000	409,704
2025	2,954,000	470,690
2026-2030	32,559,000	2,166,150
2031-2035	8,650,000	2,045,090
Total	\$ 56,213,000	\$ 6,341,705

Under GASB 88, the commercial paper notes are classified as direct borrowings. The line of credit balance of \$43,787,000 is unused at June 30, 2020. Sales tax revenues are pledged as collateral for these notes.

Upon the occurrence of any Event of Default, all Obligations shall bear interest at the Default Rate and the lender may exercise any one or more of the following rights and remedies in addition to any other remedies by law:

- a. By notice to SANDAG, declare all Obligations to be, and such amounts shall become immediately due and payable with presentment, demand, protest or other notice of any kind, all of which are waived by SANDAG; provided that upon the occurrence of an Event of Default such acceleration shall automatically occur (unless such automatic acceleration is waived by the lender in writing);
- b. By notice of the occurrence of any Event of Default to the Issuing and Paying Agent (which notice shall constitute a "Notice of No Issuance" for purposes of the Issuing and Paying Agent Agreement) prohibit, until such time, if any, as the lender shall withdraw (in writing) such notice, the issuance of additional Commercial Paper Notes, reduce the Stated Amount of the Letter of Credit to the amount of the then Outstanding Commercial Paper Notes supported by the Letter of Credit and interest payable thereon at maturity of such Commercial Paper Notes and/or terminate and/or permanently reduce such Stated Amount as the then Outstanding Commercial Paper Notes are paid;
- c. Issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Issuing and Paying Agent);
- d. Pursue any rights and remedies it may have under the Related Documents or the Law or the Ordinance; or
- e. Pursue any other action available at law or in equity.

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Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

12. The 2017 Series A Toll Revenue Bonds

In November 2017, SANDAG issued \$194,140,000 of 2017 Series A toll revenue bonds to refinance indebtedness incurred by SANDAG in connection with the acquisition of the South Bay Expressway and to pay the cost of issuance of the 2017 Bonds. The 2017 Series A toll revenue bonds included a premium of \$38,102,982 and carried an overall all-in interest rate of 3.33 percent with a maturity date of July 1, 2042.

The principal requirements to maturity for the 2017 Series A Toll Revenue Bonds are as follows:

Maturity (Jan 1, Jul 1)	Principal Amount	Interest Amount
2021	\$ 4,535,000	\$ 9,224,375
2022	4,765,000	8,991,875
2023	5,010,000	8,747,500
2024	5,265,000	8,490,625
2025	5,535,000	8,220,625
2026 - 2030	32,250,000	36,541,250
2031 - 2035	41,410,000	27,379,250
2036 - 2040	53,180,000	15,614,500
2041 - 2043	34,805,000	2,470,125
Total	\$ 186,755,000	\$ 125,680,125

Under GASB 88, the 2017 Series A toll revenue bonds are classified as other debts. Toll revenues are pledged as collateral for these bonds. There is no unused line of credit on these bonds. In the event of default, the SR 125's revenue and other funds shall be under the control of and applied by the Trustee under the provision of the Indenture. There is no right of acceleration with respect to the debt.

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Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

13. Changes in long-term debts

For the year ended June 30, 2020, long-term debt activity for the governmental activities, was as follows:

Governmental activities	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Due Within One Year
Senior lien debt:					
2008 bonds	\$ 402,300,000	\$ -	\$ -	\$ 402,300,000	\$ -
2010 A bonds	338,960,000	-	-	338,960,000	-
2010 B bonds	5,515,000	-	(5,515,000)	-	-
2012 bonds	306,545,000	-	(265,610,000)	40,935,000	19,970,000
2014 bonds	331,070,000	-	(160,650,000)	170,420,000	5,580,000
2016 bonds	312,900,000	-	(5,020,000)	307,880,000	5,270,000
2019 bonds	-	442,620,000	-	442,620,000	-
2020 bonds	-	74,820,000	-	74,820,000	1,540,000
2019 Grant Receipts Rev bonds	-	335,000,000	-	335,000,000	-
Premium, net	148,495,956	56,420,837	(67,256,881)	137,659,912	-
Total senior lien debt	1,845,785,956	908,860,837	(504,051,881)	2,250,594,912	32,360,000
Subordinate lien debt:					
2018 short-term notes	537,480,000	-	-	537,480,000	537,480,000
Premium	18,742,998	-	(10,710,285)	8,032,713	-
CPN (direct borrowing)	28,692,000	29,378,000	(1,857,000)	56,213,000	56,213,000
Total subordinate lien debt	584,914,998	29,378,000	(12,567,285)	601,725,713	593,693,000
Total senior and subordinate lien debt	2,430,700,954	938,238,837	(516,619,166)	2,852,320,625	626,053,000
Other liabilities:					
Compensated absences payable	2,279,416	4,146,010	(3,308,698)	3,116,728	3,116,728
Claims payable	25,000	-	(25,000)	-	-
Total other liabilities	2,304,416	4,146,010	(3,333,698)	3,116,728	3,116,728
Total long-term liabilities	\$ 2,433,005,370	\$ 942,384,847	\$ (519,952,864)	\$ 2,855,437,353	\$ 629,169,728

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Notes to the Basic Financial Statements, Continued
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For the year ended June 30, 2020, long-term debt activity for the business-type activities, was as follows:

Business-type activities	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Due Within One Year
2017 Series A toll revenue bonds	\$ 191,070,000	\$ -	\$ (4,315,000)	\$ 186,755,000	\$ 4,535,000
Premium	34,061,369	-	(2,440,038)	31,621,331	-
Total senior lien bonds	225,131,369	-	(6,755,038)	218,376,331	4,535,000
Other liabilities:					
Compensated absences payable	214,587	476,411	(445,714)	245,284	245,284
Claims payable	500,000	-	(261,843)	238,157	-
Total other liabilities	714,587	476,411	(707,557)	483,441	245,284
Total long-term liabilities	\$ 225,845,956	\$ 476,411	\$ (7,462,595)	\$ 218,859,772	\$ 4,780,284

14. Pledged revenue

SANDAG and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity table presented in the accompanying notes. The future sales tax revenues are pledged for debt service requirements totaling \$3,600,622,998 for payments through fiscal year 2048. The future toll revenues are pledged for debt service requirements totaling \$186,755,000 for payments through fiscal year 2043.

The following table provides the pledged future revenue information for the debt for which a revenue pledge exists:

Description of Pledged Revenue	Fiscal Year 2020 Amount of Pledged Revenue	Fiscal Year 2020 Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Sales Tax	\$ 313,251,738	\$ 132,726,480	42%
Toll Revenue	26,657,583	13,760,625	52%

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Notes to the Basic Financial Statements, Continued
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H. Transit capital contributions

The fund financial statements report regional transportation improvements, which are current year capital project expenditures. In the government-wide statement of activities, certain expenditures are eliminated and capitalized as capital assets in the statement of net position. During the current year, transit capital funding program revenues are \$46,465,874. The program revenues represent the federal funds, state funds, and other local governmental funding for the construction-in-progress projects in the capital projects fund.

I. Risk management

SANDAG has a self-insured retention (deductible) for Bodily Injury and Property Damage Liability (including General Liability and Automobile Liability) claims of \$500,000 per occurrence. Amounts in excess of the self-insurance are covered by commercial excess insurance up to \$50,000,000. SANDAG purchases “all-risk” insurance for damage to its property up to \$19,103,408 for SANDAG main location and off-site construction offices with a per occurrence subject to a deductible of \$5,000; and up to \$412,804,771 for the SR 125 toll road and acquired property with a per occurrence subject to a deductible of \$50,000. In addition, SANDAG has insurance policies for costs arising from employee Workers’ Compensation claims, Auto Property, Mexican Auto Liability, Foreign Liability and Cyber Liability. Employment Practices Liability and Public Official Errors and Omissions Liability insurance are also covered to a maximum of \$10,000,000 per occurrence, with excess liability insurance up to \$50,000,000.

Claims expenditures and liabilities in connection with these insurance programs are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The ultimate amount of losses incurred is dependent on future developments. The amounts reported in the accompanying financial statement have been determined based upon information from SANDAG legal counsel. Claims liability reported as of June 30, 2020 was \$238,157. Claim payments have not exceeded insurance coverage for each of the past three fiscal years.

	2020	2019
Claims payable, beginning of year	\$ 525,000	\$ 25,000
Current year claims and changes in estimates	-	500,000
Current year claims payments	(286,843)	-
Claims payable, end of year	\$ 238,157	\$ 525,000

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Notes to the Basic Financial Statements, Continued
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J. Commitments and contingencies

1. Encumbrances

SANDAG uses 'encumbrances' to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balances on the governmental funds balance sheet.

As of June 30, 2020, the encumbrance balances for the governmental funds are reported as follows:

Fund Balance			
General Government	Restricted	Unassigned	Total
General Fund	\$ -	\$ 1,225,659	\$ 1,225,659
Commission Sales Tax Projects Fund	4,527,864	-	4,527,864
Capital Projects Fund	-	418,719,920	418,719,920
Nonmajor Funds	-	40,355,866	40,355,866
Total Commitments	\$ 4,527,864	\$ 460,301,445	\$ 464,829,309

As of June 30, 2020, the encumbrance balances for the business-type funds are reported as follows:

Net Position			
Business-type activities	Restricted	Unrestricted	Total
SR 125	\$ 31,959,254	\$ -	\$ 31,959,254
Interstate 15 FasTrak	16,073,781	-	16,073,781
Total Commitments	\$ 48,033,035	\$ -	\$ 48,033,035

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although SANDAG expects such amounts, if any, to be immaterial.

2. Leases

SANDAG leases its office space and some of its copiers, and other miscellaneous office equipment, under various operating leases. The SANDAG total operating lease expense for fiscal year 2020 was \$2,840,062 and ARJIS' was \$146,467.

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Minimum annual lease payments under non-cancellable operating leases with terms in excess of one year were as follows:

Future Minimum Operating Lease Payment			
Fiscal Year	SANDAG	ARJIS	Total
2021	\$ 3,513,272	\$ 170,976	\$ 3,684,248
2022	3,628,990	178,464	3,807,454
2023	3,712,846	186,420	3,899,266
2024	938,309	47,112	985,421
Total	\$ 11,793,417	\$ 582,972	\$ 12,376,389

K. Other post-employment benefits (OPEB)

1. Plan description

In March 1986, pursuant to requirements of the state retirement system in which SANDAG participates, SANDAG adopted a policy to provide post-retirement health care benefits to retired employees through the California Public Employees' Retirement System (CalPERS), an agent multiple-employer benefit plan (the plan) that covers all SANDAG employees and is administered by the California Public Employees' Retirement System (CalPERS).

Commencing with the January 1, 2009 benefit year, SANDAG provides a fixed dollar amount contribution equal to a maximum of \$250 per month per each eligible retiree. The maximum of \$250 per month has not been increased in subsequent years, and any future increases would be at the discretion of SANDAG. Eight retirees were grandfathered into their 2007 SANDAG contribution with a 5 percent increase for 2007 and 2008. For these retirees, amounts in excess of the SANDAG fixed dollar contribution will be placed in a tax-free health reimbursement account. In future years, the SANDAG contribution may be subject to the CalPERS minimum required employer contribution (\$136 per month in 2019, \$139 per month in 2020 and subject to annual adjustments to reflect Medical Portion of CPI).

Eligibility for the SANDAG contribution requires retirement from SANDAG and receipt of pension income under CalPERS while receiving coverage under the CalPERS Health Program. Covered employees who terminate employment with SANDAG prior to meeting CalPERS eligibility for retirement (attainment of at least age 50 and at least 5 years of CalPERS credited service) are not eligible for continuation of medical coverage except as provided under COBRA. An eligible retiree can elect to contribute to the cost of continuing spouse and other eligible dependent coverage at retirement. Surviving spouses are eligible for the SANDAG contribution upon the death of the retiree.

2. Employees covered

As of the June 30, 2019, actuarial valuation, the following current and former employees were covered by the benefit terms under the SANDAG OPEB plan:

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Active employees	326
Inactive plan members or beneficiaries currently receiving benefits	101
Inactive plan members entitled to but not yet receiving benefits	0
Total	427

3. Contributions

Contributions to retirees are a fixed dollar amount equal to a maximum of \$250 per month per each eligible retiree. The exception to this contribution is for eight retirees who were grandfathered into their 2007 SANDAG contribution with an increase in each year thereafter, to maintain a comparable benefit level. The expenditure was recorded when the Actuarially Determined Contribution (ADC) of the employer was paid.

For the fiscal year ended June 30, 2020, total payments of \$525,499 were made to the CERBT as follows:

	Contributions		
	Cash Contributions	Payments to Trust and Estimated Implied Subsidy	Total Contributions
Primary Government	\$ 383,982	\$ 130,309	\$ 514,291
ARJIS	8,368	2,840	11,208
Total	\$ 392,350	\$ 133,149	\$ 525,499

4. Net OPEB Liability

The SANDAG net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

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Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Salary Increase	2.75%, in aggregate plus Merit
Investment Rate of Return	6.50%
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ²	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	6.5% PPO / 6.5% HMO decreasing to 5.0% PPO / 5.0% HMO

- ¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report.
- ² The Pre-Retirement Turnover table used was developed using the most recent (2017) CalPERS pension plan valuation.

The inflation rate changed from 2.75% to 2.50% and salary increase changed from 3% to 2.75%. There were no events occurring between the measurement date and the reporting date that would have an impact on the OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Global Equity	40.0%	5.50%
Global Debt Securities	43.0	2.35
Inflation Assets	5.0	1.50
Commodities	4.0	1.75
REITs	8.0	3.65
Total	100.0	

Long-term expected rate of return is 6.50%.

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5. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that SANDAG continues to fully fund its retiree health benefits through the CERBT under its investment allocation strategy 2. The rate reflects the CERBT published median interest rate for strategy 2 with an additional margin for adverse deviation.

6. Changes in Net OPEB liability

The summary of changes in net OPEB liability for SANDAG are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2019 (Measured at June 30, 2018)	\$ 5,825,219	\$ 4,514,366	\$ 1,310,853
Changes recognized for the measurement period:			
Service Cost	313,420	-	313,420
Interest	389,512	-	389,512
Difference between Expected and Actual Experience	480,577	-	480,577
Changes of Assumptions	(15,524)	-	(15,524)
Contributions - Employer	-	589,323	(589,323)
Net Investment Income	-	336,550	(336,550)
Benefit Payments	(292,294)	(292,294)	-
Administrative Expense	-	(2,288)	2,288
Net changes	875,691	631,291	244,400
Balance at 6/30/2020 (Measured at June 30, 2019)	\$ 6,700,910	\$ 5,145,657	\$ 1,555,253

7.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the plan as of the measurement date, calculated using the discount rate of 6.50 percent, as well as if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate.

	Discount Rate		
	1% Decrease (5.50%)	Current (6.50%)	1% Increase (7.50%)
Net OPEB liability:			
Primary government	\$ 2,313,350	\$ 1,522,082	\$ 859,182
ARJIS	50,416	33,171	18,725
Net OPEB liability	\$ 2,363,766	\$ 1,555,253	\$ 877,907

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

8. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability as of the measurement date, calculated using the current healthcare cost trend rates (HMO and PPO), as well as if it were calculated using rates that are one percentage point lower or one percentage point higher than the current rate.

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
	(5.50%HMO / 5.50%PPO decreasing to 4.00%HMO / 4.00%PPO	(6.50%HMO / 6.50%PPO decreasing to 5.00%HMO / 5.00%PPO	(7.00%HMO / 7.50%PPO decreasing to 6.00%HMO / 6.00%PPO
Net OPEB liability			
Primary government	\$ 937,676	\$ 1,522,082	\$ 2,336,798
ARJIS	20,435	33,171	50,927
Net OPEB liability	\$ 958,111	\$ 1,555,253	\$ 2,387,725

9. OPEB plan fiduciary net position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

10. Recognition of deferred outflow and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB Expense.

The recognition period differs depending on the source of the gain or loss.

Net difference between projected and actual earnings on OPEB plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) (10 years at June 30, 2019)

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

11. OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year ended June 30, 2020, SANDAG recognized OPEB expense of \$440,622 for the plan as follows:

	Fiscal Year 2020
Primary Government	\$ 436,855
ARJIS	3,767
Total OPEB expense	\$ 440,622

The primary government reports other amounts for the plan as deferred outflows and deferred inflows of resources related to OPEB as follows:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 514,291	\$ -
Change in proportionate share	55,998	(29,791)
Changes of assumptions	-	(13,674)
Net difference between projected and actual earnings on OPEB plan investments	423,294	(25,208)
Total	\$ 993,583	\$ (68,673)

ARJIS reports other amounts for the plan as deferred outflows and deferred inflows of resources related to OPEB as follows:

ARJIS	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 11,208	\$ -
Change in proportionate share	-	(26,209)
Change in assumptions	-	(298)
Difference between expected and actuarial experience on OPEB plan investments	9,225	-
	-	(548)
Total	\$ 20,433	\$ (27,055)

The primary government reported \$514,291 and ARJIS reported \$11,208 deferred outflows of resources related to employer contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021, for these contributions.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

The following amounts reported as deferred outflows/inflows of resources related to OPEB for the primary government that will be recognized in future periods as OPEB expense:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 45,651
2022	45,651
2023	50,765
2024	40,991
2025	45,514
Thereafter	182,047
Total	<u>\$ 410,619</u>

The following amounts reported as deferred inflows of resources related to OPEB for ARJIS that will be recognized in future periods as OPEB expense:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ (7,237)
2022	(7,237)
2023	(7,123)
2024	(1,194)
2025	992
Thereafter	3,969
Total	<u>\$ (17,830)</u>

L. Pension plan

Qualified permanent and probationary employees are eligible to participate in pension benefits through the California Public Employees' Retirement System (CalPERS).

1. Plan description

SANDAG and ARJIS, a blended component unit of SANDAG, provide a defined benefit pension plan through the Miscellaneous Plan (the Plan), an agent multiple-employer defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for its participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of the multiple employers are pooled together for investment purposes, but separate accounts are maintained for each individual employer.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

Benefit provisions under the plan are established by state statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

2. Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, which include public employees and their beneficiaries. SANDAG has three classes of plan members, based on date of hire. Benefits for all plan members are based on years of credited service, equal to one year of full-time employment.

The plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire date	Prior to 10/27/12	After 10/27/12 ¹	On or after 1/1/13 ²
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule (# years of service)	5 yrs	5 yrs	5 yrs
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 60	52 - 62
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	2.0%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	10.320%	10.320%	10.320%

¹ Includes those hired on or after January 1, 2013, who are current members of CalPERS (or a reciprocal agency) and have not had a break in service with a CalPERS agency of greater than six months.

² Applicable to employees who are not members of CalPERS (or a reciprocal system) at the time of hire or have had a break in service greater than six months from a CalPERS agency.

The Plan also provides optional benefits for survivor and disability benefits. The benefit provisions and all other requirements are established by contracts with CalPERS in accordance with the provisions of the Public Employees' Retirement law.

CalPERS issues an annual audited stand-alone financial report and a copy can be obtained by submitting a written request to CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709 or by visiting its website at calpers.ca.gov.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

3. Employees covered by benefit terms

The following employees were covered based on the CalPERS actuarial valuation report dated June 30, 2018:

Active members	337
Transferred members	87
Terminated members	227
Retired members and beneficiaries	131
Total	782
Active to Retired Ratio	2.57%

4. Contributions

All employer contribution rates are actuarially determined annually and become effective July 1 following the notice of change in the rate in accordance with Section 20814(c) of the California Public Employees' Retirement Law (PERL). The employer and employee contributions are a percentage of the covered payroll, which is based on pensionable earnings. The rates are defined by law and are based on the employer's benefit formula as determined by periodic actuarial valuations. These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the reporting fiscal year 2020, the required contributions were actuarially determined by the funding valuation reports dated June 30, 2018. The actuarially required contribution rate was 22.099% of covered payroll and actual contributions totaled \$6,503,802 for the primary government and \$422,505 for ARJIS. This rate includes the mandatory employee contribution rate, as shown in the Benefits Provided table in Note II.L.2, that is currently paid by SANDAG for all eligible members. PEPRA members pay 6.75% of covered-employee payroll which is 60.67% of the total normal cost of 11.126%.

5. Net pension liability

The Plan's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled forward to determine the June 30, 2019 total pension liability.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

6. Actuarial methods and assumptions used to determine total pension liability

The June 30, 2019 (the measurement date), total pension liability was based on the following actuarial methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pension Plan Investment Expenses; includes inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be accessed on the CalPERS website at calpers.ca.gov under Forms and Publications.

7. Change of assumptions

In 2019, there were no changes of assumptions.

8. Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11–60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one-quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class ¹	Current Target Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

9. Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

10. Pension plan fiduciary net position

The plan fiduciary net position (assets) disclosed in the SANDAG GASB report may differ from the plan assets reported in the SANDAG actuarial valuation report due to several reasons. First, CalPERS must keep Reserves for Deficiencies and Fiduciary Self Insurance. These amounts are excluded for rate-setting purposes in the actuarial valuation report while required to

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

be included for GASB reporting purposes. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

11. Changes in net pension liability

The following table provides the aggregate changes in the pension plans' net pension liabilities of SANDAG for the measurement period of July 1, 2018 to June 30, 2019:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2018 (Valuation Date)¹	\$ 171,084,267	\$ 118,407,102	\$ 52,677,165
Changes for the year			
Service Cost	5,278,647	-	5,278,647
Interest on the Total Pension Liability	12,277,206	-	12,277,206
Differences between Expected and Actual Experience	1,404,207	-	1,404,207
Plan to Plan Resource Movement	-	67,310	(67,310)
Contributions from Employer	-	5,912,799	(5,912,799)
Contributions from Employees	-	2,218,113	(2,218,113)
Net Investment Income ²	-	7,858,870	(7,858,870)
Benefit Payments, including Refunds			
of Employee Contributions	(6,837,259)	(6,837,259)	-
Administrative Expense	-	(84,498)	84,498
Other Miscellaneous Income/(Expenses) ³	-	274	(274)
Net changes during 2017 - 2018	12,122,801	9,135,609	2,987,192
Balance at 6/30/2019 (Measurement Date)¹	\$ 183,207,068	\$ 127,542,711	\$ 55,664,357

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.

² Net of administrative expenses.

³ During fiscal year 2017-18, as a result of Government Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefits Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

12. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

	Discount Rate 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1 (8.15%)
Plan's Net Pension Liability			
Primary government	\$ 75,832,120	\$ 52,268,831	\$ 32,807,120
ARJIS	4,926,261	3,395,526	2,131,240
Total Net Pension Liability	\$ 80,758,381	\$ 55,664,357	\$ 34,938,360

13. Recognition of gains and losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Source	Amortization Period
Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the plan for the measurement period ending June 30, 2019 is 4.9 years, which was obtained by dividing the total service years of 3,861 (the sum of remaining service lifetimes of the active employees) by 796 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

14. Pension expense and deferred outflows and deferred inflows of resources related to pensions

For the fiscal year ending June 30, 2020 (the reporting period), SANDAG recognized a pension expense of \$4,426,832 for the plan as follows:

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

	Fiscal Year 2020
Primary government	\$ 3,709,690
ARJIS	717,142
Total pension expense	\$ 4,426,832

Deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The following are the sources of deferred outflows of resources and deferred inflows of resources for the primary government as of the measurement date of June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,980,631	\$ (845,280)
Differences between expected and actual experience	1,622,814	(546,211)
Change in proportionate share	1,226,014	(1,393,939)
Employer contributions for fiscal year 2020	6,503,802	-
Net difference between projected and actual earnings on pension plan investments	-	(646,210)
Total	\$ 12,333,261	\$ (3,431,640)

The following are the sources of deferred outflows of resources and deferred inflows of resources for ARJIS as of the measurement date of June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 193,630	\$ (54,912)
Differences between expected and actual experience	105,423	(35,483)
Change in proportionate share	343,076	(175,151)
Employer contributions for fiscal year 2020	422,505	-
Net difference between projected and actual earnings on pension plan investments	-	(41,980)
Total	\$ 1,064,634	\$ (307,526)

The deferred outflows of resources of the primary government related to pension resulting from employer contributions subsequent to the measurement date of June 30, 2019, totaling

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

\$6,503,802 will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2021. ARJIS reports a total of \$422,505 for these contributions.

Deferred inflows of resources resulting from net differences between projected and actual earnings on investments are amortized over five years, all other deferred outflows or inflows of resources will be amortized over their service lives.

The following amounts reported as deferred outflows of resources related to pension for the primary government that will be recognized in future periods as pension expense:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,954,174
2022	34,429
2023	9,267
2024	399,949
Total	\$ 2,397,819

The following amounts reported as deferred outflows of resources related to pension for ARJIS that will be recognized in future periods as pension expense:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 232,274
2022	94,162
2023	21,452
2024	(13,285)
Total	\$ 334,603

M. Subsequent event

At its May 26, 2017 meeting, the Board of Directors approved securing a TIFIA loan for the Mid-Coast Corridor Transit Project. The TIFIA Loan Agreement was executed on June 27, 2017 in the amount of \$537,484,439 at an interest rate of 2.72%. The TIFIA loan is expected to be refinanced at a lower interest rate of 1.5% through FY2046. Expected closing will be in January 2021.

In response to the COVID-19 pandemic and the resulting economic impacts, on April 10, 2020 the Board approved the waiving of all toll violations on the SR 125 until the statewide Shelter in Place Executive Order is lifted. Before the suspension, SANDAG sent toll violation notices to motorists for non-payment of tolls which occurs when a motorist does not pay a required toll using a *FasTrak*

San Diego Association of Governments
Notes to the Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2020

account, online, or at a cash and credit card machine located on the roadway. The suspension of toll violations by SANDAG, as well as the reduction in traffic caused by the COVID-19 pandemic, has led to a 10% decrease in total SR 125 revenues.

Under Section 6.03 of the Master Indenture for the South Bay Expressway Toll Revenue Bonds, SANDAG covenants that it shall at all times establish, levy, maintain and collect tolls in connection with the toll road sufficient to produce net revenue in each fiscal year equal to or in excess of 150% of the annual debt service in such fiscal year on all outstanding first senior lien obligations (the "Coverage Ratio"). Though traffic has begun to slowly recover since March 2020, SANDAG estimates that, based on current conditions, SR 125 will generate net revenues at levels that will not permit SANDAG to comply with the Coverage Ratio as of June 30, 2021. Although SANDAG may not be able to comply with the Coverage Ratio covenant, SANDAG has a healthy reserve through years of operations to meet operation and maintenance expenditures.

The failure of toll rates to yield an amount sufficient to achieve the Coverage Ratio is not deemed to constitute an event of default resulting in an acceleration of debt. In the event SANDAG cannot meet the Coverage Ratio covenant, then as soon as practicable SANDAG will employ a Traffic Consultant to review and analyze the operations of the SR 125 and submit to the Board. Within 180 days after the end of the fiscal year in question, a written report which shall include the actions that the Traffic Consultant recommends should be taken by SANDAG with respect to:

1. Revising the toll rates as permitted by law
2. Altering SANDAG's methods of operations
3. Taking other action projected to produce the amount required to comply with the Coverage Ratio

In an effort to enhance SANDAG's ability to comply with the Coverage Ratio, on December 18, 2020, the Board approved a staff recommendation to prospectively reinstate the enforcement and collection of toll violations on SR 125 and resuming the practice of placing vehicle registration holds with the California Department of Motor Vehicles for overdue tolls.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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**San Diego Association of Governments
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020**

A. Other Post-Employment Benefits (OPEB) Plan:

**Schedule of Change in Net OPEB Liability
And Related Ratios
Last Ten Years¹**

Measurement Period	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 313,420	\$ 305,032	\$ 286,416
Interest	389,512	364,794	342,733
Changes of Benefit Terms	-	-	-
Difference between expected and actual experience	480,577	-	-
Changes of assumptions	(15,524)	-	-
Benefit payments, including refunds of employee contributions	(292,294)	(303,569)	(313,176)
Net change in total OPEB liability	875,691	366,257	315,973
Total OPEB liability - beginning	5,825,219	5,458,962	5,142,989
Total OPEB liability - ending	<u>\$ 6,700,910</u>	<u>\$ 5,825,219</u>	<u>\$ 5,458,962</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 589,323	\$ 607,674	\$ 605,463
Investment income	336,550	248,428	257,936
Benefit payments, including refunds of employee contributions	(292,294)	(303,569)	(313,176)
Administrative expense	(2,288)	(2,155)	(1,871)
Other expense	-	(5,250)	-
Net change in fiduciary net position	631,291	545,128	548,352
Plan fiduciary net position - beginning	4,514,366	3,969,238	3,420,886
Plan fiduciary net position - ending	<u>\$ 5,145,657</u>	<u>\$ 4,514,366</u>	<u>\$ 3,969,238</u>
Plan net OPEB liability - ending	<u>\$ 1,555,253</u>	<u>\$ 1,310,853</u>	<u>\$ 1,489,724</u>
Plan fiduciary net position as a percentage of the total OPEB liability	76.79%	77.50%	72.71%
Covered employee payroll	\$ 28,718,832	\$ 26,864,803	\$ 26,677,526
Plan net OPEB liability as a percentage of covered employee payroll	5.42%	4.88%	5.58%

Notes to Schedule

Changes in Assumptions: In 2019, inflation rate decreased from 2.75% to 2.50%. Salary increase changed from 3% to 2.75%.

¹ Ten years has not been presented as Governmental Accounting Standards Board 75 was implemented for the fiscal year ended June 30, 2018.

**San Diego Association of Governments
Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2020**

**Schedule of OPEB Contributions
Last Ten Years²**

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially Determined Contribution	\$ 525,499	\$ 515,120	\$ 514,196
Contributions in Relation to the Actuarially Determined Contribution	(525,499)	(515,120)	(514,196)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 31,342,592	\$ 28,718,832	\$ 26,864,803
Contributions as a Percentage of Covered Employee Payroll	1.677%	1.794%	1.914%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2020 were from the June 30, 2019 actuarial valuations.

² Ten years has not been presented as Governmental Accounting Standards Board 75 was implemented for the fiscal year ended June 30, 2018.

**San Diego Association of Governments
Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2020**

	Methods and Assumptions
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Minimum Contribution	4% per year
Investment Rate of Return	6.50% per year; assumes SANDAG invests in the CERBT asset allocation Strategy 2 with an additional margin for adverse deviation
Medical Trend Rates	Medical costs are adjusted in future years 6.5% (PPO) and 6.5% (HMO) then decreasing to 5.0% (PPO) and 5.0% (HMO)
Retirement Age	CalPERS pension plan experience study. According to the following retirement tables: Miscellaneous Tier 1: 2.7 @ 55 Miscellaneous Tier 2: 2.0 @ 60 Miscellaneous Tier 3: 2.0 @ 62

**San Diego Association of Governments
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020**

B. Pension Plan:

**Schedule of Change in Net Pension Liability
And Related Ratios
Last Ten Years³**

Measurement Period	2018 - 2019	2017 - 2018	2016 - 2017	2015 - 2016	2014 - 2015	2013 - 2014
TOTAL PENSION LIABILITY						
Service cost	\$ 5,278,647	\$ 5,162,090	\$ 5,144,459	\$ 4,534,280	\$ 4,304,754	\$ 4,383,941
Interest	12,277,206	11,458,443	10,789,583	10,232,734	9,525,794	8,721,625
Difference between expected & actual expi	1,404,207	982,989	(1,672,371)	329,995	2,226,555	-
Changes of assumptions	-	(1,592,648)	9,126,001	-	(2,367,470)	-
Benefit payments, including refunds of employee contributions	(6,837,259)	(6,426,314)	(5,530,744)	(5,236,629)	(4,831,911)	(4,554,501)
Net change in total pension liability	12,122,801	9,584,560	17,856,928	9,860,380	8,857,722	8,551,065
Total pension liability - beginning	171,084,267	161,499,707	143,642,779	133,782,399	124,924,677	116,373,612
Total pension liability - ending	<u>\$ 183,207,068</u>	<u>\$ 171,084,267</u>	<u>\$ 161,499,707</u>	<u>\$ 143,642,779</u>	<u>\$ 133,782,399</u>	<u>\$ 124,924,677</u>
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 5,912,799	\$ 5,162,576	\$ 5,024,322	\$ 4,683,435	\$ 4,608,038	\$ 4,174,170
Contributions - employee	2,218,113	2,068,605	2,107,922	1,991,758	1,899,740	2,766,681
Investment income	7,858,870	9,308,839	11,041,124	490,271	2,067,607	13,463,922
Administrative expense	(84,498)	(169,795)	(142,422)	(57,649)	(106,721)	(111,112)
Benefit payments, including refunds of employee contributions	(6,837,259)	(6,426,314)	(5,530,744)	(5,236,629)	(4,831,911)	(4,554,501)
Other changes in fiduciary net position	-	(177,639)	(447)	12	(214,517)	-
Other miscellaneous income/(expense) ¹	67,584	(322,443)	-	-	-	-
Net change in fiduciary net position	9,135,609	9,443,829	12,499,755	1,871,198	3,422,236	15,739,160
Plan fiduciary net position - beginning ²	118,407,102	108,963,273	96,463,518	94,592,320	91,170,084	75,430,924
Plan fiduciary net position - ending	<u>\$ 127,542,711</u>	<u>\$ 118,407,102</u>	<u>\$ 108,963,273</u>	<u>\$ 96,463,518</u>	<u>\$ 94,592,320</u>	<u>\$ 91,170,084</u>
Plan net pension liability - ending	<u>\$ 55,664,357</u>	<u>\$ 52,677,165</u>	<u>\$ 52,536,434</u>	<u>\$ 47,179,261</u>	<u>\$ 39,190,079</u>	<u>\$ 33,754,593</u>
Plan fiduciary net position as a percentage of the total pension liability	69.62%	69.21%	67.47%	67.16%	70.71%	72.98%
Covered payroll	\$ 28,718,832	\$ 26,864,803	\$ 26,677,526	\$ 25,634,081	\$ 24,147,581	\$ 23,828,423
Plan net pension liability as a percentage of covered payroll	193.83%	196.08%	196.93%	184.05%	162.29%	141.66%

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of two years additional service credit.

Changes in Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions

³ Ten years has not been presented as Governmental Accounting Standards Board 68 was implemented for the fiscal year ended June 30, 2015.

**San Diego Association of Governments
Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2020**

December 2017. There were no changes in discount rate. In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

¹ During Fiscal Year 2017 - 2018, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans during Fiscal Year 2017 – 2018, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment.

**Schedule of Plan Contributions
Last Ten Years⁴**

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Actuarially Determined Contribution	\$ 6,926,307	\$ 5,914,235	\$ 5,164,886	\$ 5,024,322	\$ 4,683,435	\$ 4,608,038	\$ 4,174,170
Contributions in Relation to the Actuarially Determined Contribution	<u>(6,926,307)</u>	<u>(5,914,235)</u>	<u>(5,164,886)</u>	<u>(5,024,322)</u>	<u>(4,683,435)</u>	<u>(4,608,038)</u>	<u>(4,174,170)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 31,342,592	\$ 28,718,832	\$ 26,864,803	\$ 26,677,526	\$ 25,634,081	\$ 24,147,581	\$ 23,828,423
Contributions as a Percentage of Covered Payroll	22.099%	20.594%	19.225%	18.834%	18.270%	19.083%	17.518%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2020 were from the June 30, 2017, public agency valuations.

⁴ Ten years has not been presented as Governmental Accounting Standards Board 68 was implemented for the fiscal year ended June 30, 2015.

**San Diego Association of Governments
Required Supplementary Information, Continued
For the Fiscal Year Ended June 30, 2020**

	Methods and Assumptions
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016, Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

San Diego Association of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Local Transportation Development Act sales tax funds	\$ 7,951,987	\$ 7,951,987	\$ 7,951,987	\$ -
Member agency assessments	1,094,852	1,094,852	1,094,852	-
Other revenues	-	-	110,409	110,409
Investment earnings	-	-	578,011	578,011
Total revenues	<u>9,046,839</u>	<u>9,046,839</u>	<u>9,735,259</u>	<u>688,420</u>
EXPENDITURES				
Current:				
General government	60,606,404	61,505,270	54,579,269	6,926,001
Cost recovery	(59,498,204)	(59,498,204)	(54,385,304)	(5,112,900)
Total expenditures	<u>1,108,200</u>	<u>2,007,066</u>	<u>193,965</u>	<u>1,813,101</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,938,639</u>	<u>7,039,773</u>	<u>9,541,294</u>	<u>2,501,521</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	372,500	1,271,366	1,068,506	(202,860)
Transfers out	(14,636,253)	(11,461,416)	(9,819,020)	1,642,396
Total other financing sources (uses)	<u>(14,263,753)</u>	<u>(10,190,050)</u>	<u>(8,750,514)</u>	<u>1,439,536</u>
Net change in fund balances	<u>\$ (6,325,114)</u>	<u>\$ (3,150,277)</u>	<u>790,780</u>	<u>\$ 3,941,057</u>
FUND BALANCES				
Beginning of year			<u>19,060,190</u>	
End of year			<u>\$ 19,850,970</u>	

See accompanying Notes to Required Supplementary Information.

San Diego County Regional Transportation Commission
A Component Unit of the San Diego Association of Governments
Sales Tax Projects Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Sales tax	\$ 309,923,514	\$ 309,923,514	\$ 313,251,738	\$ 3,328,224
Investment earnings	7,392,917	13,381,975	16,600,049	3,218,074
Other revenues	-	-	8,671,440	8,671,440
Total revenues	317,316,431	323,305,489	338,523,227	15,217,738
EXPENDITURES¹:				
Current:				
General government	3,099,235	3,099,235	3,099,234	1
Bicycle facilities	6,198,470	6,198,470	22,404,909	(16,206,439)
Independent Taxpayer Oversight Committee	422,485	422,485	376,416	46,069
Major corridor capital projects	114,077,263	114,077,263	70,373,145	43,704,118
Major corridor environmental mitigation	13,208,946	13,208,946	30,585,452	(17,376,506)
Local project environmental mitigation	5,403,660	5,403,660	10,381	5,393,279
Local street improvements	87,359,167	87,359,167	109,289,482	(21,930,315)
Smart growth	6,304,270	6,304,270	6,934,242	(629,972)
New major corridor transit operations	24,316,469	24,316,469	25,306,778	(990,309)
Transit system improvements	49,533,549	49,533,549	51,083,017	(1,549,468)
Total expenditures	309,923,514	309,923,514	319,463,056	(9,539,542)
REVENUES OVER (UNDER) EXPENDITURES	7,392,917	13,381,975	19,060,171	5,678,196
OTHER FINANCING SOURCES (USES):				
Transfers in	127,286,209	127,286,209	83,849,089	(43,437,120)
Transfers out	(129,175,306)	(126,401,306)	(132,677,284)	(6,275,978)
Total other financing sources (uses)	(1,889,097)	884,903	(48,828,195)	(47,943,292)
Net change in fund balances	\$ 5,503,820	\$ 14,266,878	(29,768,024)	\$ (44,034,902)
FUND BALANCES:				
Beginning of year			553,927,258	
End of year			\$ 524,159,234	

¹Actual expenditure amounts vary from Statement of Revenues, Expenditures, and Change in Fund Balance Government Funds due to interfund activities.

San Diego Association of Governments
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

A. Budgetary information

Formal budget integration is employed as a management control device for the general fund, special revenue funds, the debt service fund, and the capital project fund. Budgets are adopted on a basis consistent with generally accepted accounting principles. The general fund, special revenue funds, and capital project fund have legally adopted annual program budgets.

After the annual program budget is adopted, the SANDAG Board of Directors (Board) can legally amend the budget at any time during the fiscal year to incorporate new grants or contracts which may become available during the year. Management can legally amend or transfer appropriations between programs or projects within the adopted or amended budget, once the budget has been approved, up to a maximum of \$300,000 with monthly reporting of these delegated budget amendments to the Board. However, management may not exceed the authorization of any individual fund. The fund level is the legal level of control (the expenditure level on which expenditures may not legally exceed appropriations) for each budget for which data are presented in the annual financial report.

For the San Diego County Regional Transportation Commission sales tax projects special revenue fund, the annual program budget is based on expected sales tax revenue receipts. The expenditures budget reflects the appropriate program split in accordance the *TransNet* Extension Ordinance based on those expected sales tax revenue receipts. After the annual budget is adopted, the Board can legally amend the budget at any time during the fiscal year to incorporate changes in expected sales tax revenues.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. For budgeting purposes, encumbrances lapse at year end and may be reappropriated in the following year.

B. Additional appropriations or amendments

1. General fund

A portion of the general fund revenue is transferred to the general services fund to fund Overall Work Plan projects. Due to carryover of FY 2020 funds for delayed projects in the general services fund, the budgeted transfers out of the general fund decreased by \$3,175,000 and budgeted expenditures in the general fund increased by \$898,900 due to information technology costs as a result of the COVID-19 pandemic stay at home order.

2. San Diego County Regional Transportation Commission Sales Tax Projects fund

The Commission sales tax projects fund ended the year with \$9,539,542 of expenditures in excess of appropriations, which is mainly the result of bond proceeds used for local street improvements and environmental mitigation program projects; and large payments of sales tax to bicycle facilities and transit system improvements. This fund is budgeted based on estimated sales tax revenues and does not include the use of debt proceeds or unspent revenue received in prior years.

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SUPPLEMENTARY INFORMATION

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San Diego Association of Governments
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds		Totals
	General		
	Services	SAFE	
	Fund	Fund	2020
ASSETS			
Cash and investments	\$ 1,509,907	\$ 9,734,201	\$ 11,244,108
Accounts receivable	490,011	-	490,011
Prepaid items and other assets	311,770	2,585	314,355
Interest receivable	-	37,293	37,293
Due from other funds	7,133,709	-	7,133,709
Due from other governments	14,380,341	530,326	14,910,667
Total assets	\$ 23,825,738	\$ 10,304,405	\$ 34,130,143
LIABILITIES			
Accounts payable	\$ 6,309,558	\$ 93,365	\$ 6,402,923
Accrued liabilities	27,517	-	27,517
Retentions payable	1,338,157	-	1,338,157
Due to other funds	4,524,721	1,267,068	5,791,789
Due to other governments	5,776,509	257,601	6,034,110
Unearned revenue	2,123,818	-	2,123,818
Total liabilities	20,100,280	1,618,034	21,718,314
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	8,758,434	-	8,758,434
Total deferred inflows of resources	8,758,434	-	8,758,434
FUND BALANCES			
Nonspendable:			
Prepaid Items	311,770	2,585	314,355
Total nonspendable	311,770	2,585	314,355
Restricted for:			
Freeway emergency service	-	8,683,786	8,683,786
Total restricted	-	8,683,786	8,683,786
Unassigned	(5,344,746)	-	(5,344,746)
Total fund balances (deficit)	(5,032,976)	8,686,371	3,653,395
Total liabilities, deferred inflow of resources and fund balances	\$ 23,825,738	\$ 10,304,405	\$ 34,130,143

San Diego Association of Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020

	Special Revenue Funds		Totals
	General		
	Services	SAFE	
	Fund	Fund	2020
REVENUES			
Federal funds	\$ 19,127,470	\$ -	\$ 19,127,470
State funds	7,566,002	-	7,566,002
Other local governmental funding	1,299,364	-	1,299,364
SAFE program revenue	-	2,947,341	2,947,341
Member agency assessments	225,951	-	225,951
Investment earnings	-	171,254	171,254
Total revenues	28,218,787	3,118,595	31,337,382
EXPENDITURES			
Current:			
Modeling and research	9,983,140	-	9,983,140
Criminal justice	1,103,957	-	1,103,957
Sustainable development	16,337,124	-	16,337,124
Sustainable mobility programs and services	19,500,160	-	19,500,160
Internal and external coordination	7,123,096	-	7,123,096
SAFE program	-	1,520,134	1,520,134
Bicycle facilities	359,167	-	359,167
Smart growth	8,799,807	-	8,799,807
Transit system improvements	1,203,064	-	1,203,064
Total expenditures	64,409,515	1,520,134	65,929,649
REVENUES OVER (UNDER) EXPENDITURES	(36,190,728)	1,598,461	(34,592,267)
OTHER FINANCING SOURCES (USES)			
Transfers in	31,012,229	-	31,012,229
Transfers out	-	(1,495,750)	(1,495,750)
Total other financing sources (uses)	31,012,229	(1,495,750)	29,516,479
Net change in fund balances	(5,178,499)	102,711	(5,075,788)
FUND BALANCES (DEFICIT)			
Beginning of year	145,523	8,583,660	8,729,183
End of year	\$ (5,032,976)	\$ 8,686,371	\$ 3,653,395

San Diego Association of Governments
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

	Business-type Activities-Enterprise Funds				Totals
	Nonmajor Funds				2020
	Service Bureau	SourcePoint	Interstate 15 FasTrak	Property Management	
ASSETS					
Current assets:					
Cash and cash equivalents - unrestricted	\$ -	\$ 204,344	\$ 36,896,689	\$ -	\$ 37,101,033
Cash and cash equivalents - restricted	-	9,271	-	-	9,271
Accounts receivable	194,110	-	30,660	782,252	1,007,022
Prepaid items and other assets	-	-	3,760	2,033	5,793
Interest receivable	-	754	146,443	-	147,197
Due from other funds	254,524	-	566,666	637,250	1,458,440
Due from other governments	135,698	-	206,038	-	341,736
Total current assets	584,332	214,369	37,850,256	1,421,535	40,070,492
Noncurrent assets:					
Non-depreciable assets	-	-	6,153,226	-	6,153,226
Depreciable assets, net of accumulated depreciation	-	-	4,248,173	-	4,248,173
Total noncurrent assets	-	-	10,401,399	-	10,401,399
Total assets	584,332	214,369	48,251,655	1,421,535	50,471,891
LIABILITIES					
Current liabilities:					
Accounts payable	55,040	1,500	855,207	14,837	926,584
Retentions payable	-	-	105,486	-	105,486
Due to other funds	-	200	37,131	-	37,331
Due to other governments	229,404	-	543,495	-	772,899
Transponder deposits payable	-	-	4,048	-	4,048
Security deposit	-	-	-	31,867	31,867
Unearned revenue	-	-	1,182,590	-	1,182,590
Total current liabilities	284,444	1,700	2,727,957	46,704	3,060,805
Total liabilities	284,444	1,700	2,727,957	46,704	3,060,805
NET POSITION					
Net investment in capital assets	-	-	10,112,996	-	10,112,996
Restricted for:					
Restricted - iCommute	-	9,071	-	-	9,071
Toll road operations and improvement	-	-	35,410,702	-	35,410,702
Property management	-	-	-	1,374,831	1,374,831
Unrestricted	299,888	203,598	-	-	503,486
Total net position	\$ 299,888	\$ 212,669	\$ 45,523,698	\$ 1,374,831	\$ 47,411,086

San Diego Association of Governments
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities-Enterprise Funds				Totals
	Nonmajor Funds				2020
	Service Bureau	SourcePoint	Interstate 15 FasTrak	Property Management	
OPERATING REVENUES					
Service Bureau transportation modeling service fees	\$ 390,227	\$ -	\$ -	\$ -	\$ 390,227
SourcePoint charges for service and promotions	-	4,416	-	-	4,416
Interstate 15 FasTrak permit revenue	-	-	11,425,005	-	11,425,005
Interstate 15 FasTrak fines and forfeitures revenue	-	-	88,094	-	88,094
Total operating revenues	390,227	4,416	11,513,099	-	11,907,742
OPERATING EXPENSES					
SourcePoint iCommute operating expenses	-	6,065	-	-	6,065
Interstate 15 FasTrak operating expenses	-	-	4,079,409	-	4,079,409
Payroll and other compensation	240,865	-	1,134,909	-	1,375,774
Administrative costs	-	5,445	32,855	-	38,300
Professional services	69,378	-	1,150,391	-	1,219,769
Depreciation	-	-	2,460,519	-	2,460,519
Total operating expenses	310,243	11,510	8,858,083	-	9,179,836
Operating income (loss)	79,984	(7,094)	2,655,016	-	2,727,906
NONOPERATING REVENUES (EXPENSES)					
Rental income (expense)	-	-	-	825,650	825,650
Interest income (expense)	-	3,593	801,359	-	804,952
Total nonoperating revenues (expenses)	-	3,593	801,359	825,650	1,630,602
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	79,984	(3,501)	3,456,375	825,650	4,358,508
Transfers out	-	-	(8,509,402)	-	(8,509,402)
Total transfers	-	-	(8,509,402)	-	(8,509,402)
CHANGE IN FUND NET POSITION	79,984	(3,501)	(5,053,027)	825,650	(4,150,894)
NET POSITION					
Beginning of year	219,904	216,170	50,576,725	549,181	51,561,980
End of year	\$ 299,888	\$ 212,669	\$ 45,523,698	\$ 1,374,831	\$ 47,411,086

San Diego Association of Governments
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities-Enterprise Funds				Totals
	Nonmajor Funds				2020
	Service Bureau	SourcePoint	Interstate 15 FasTrak	Property Management	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 260,791	\$ 14,416	\$ 11,607,795	\$ -	\$ 11,883,002
Payments for employee salaries and benefits	(144,542)	-	(1,134,909)	-	(1,279,451)
Payments for operations	(180,081)	(12,010)	(5,555,757)	-	(5,747,848)
Net cash provided by (used for) operating activities	(63,832)	2,406	4,917,129	-	4,855,703
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	(2,017,414)	-	(2,017,414)
Net cash provided by (used for) capital financing and related activities	-	-	(2,017,414)	-	(2,017,414)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer from (to) governmental funds	63,832	(1,050)	(11,543,175)	-	(11,480,393)
Net cash provided by (used for) noncapital financing activities	63,832	(1,050)	(11,543,175)	-	(11,480,393)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from rent	-	-	-	672,592	672,592
Payment made for rental property	-	-	-	(672,592)	(672,592)
Interest received on investment	-	4,759	1,067,903	-	1,072,662
Net cash provided by (used for) investing activities	-	4,759	1,067,903	-	1,072,662
Net increase (decrease) in cash and investments	-	6,115	(7,575,557)	-	(7,569,442)
Cash and cash equivalents, beginning of year	-	207,500	44,472,246	-	44,679,746
Cash and cash equivalents, end of year	\$ -	\$ 213,615	\$ 36,896,689	\$ -	\$ 37,110,304
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 79,984	\$ (7,094)	\$ 2,655,016	\$ -	\$ 2,727,906
Adjustments to reconcile net cash provided by (used for) operating activities:					
Depreciation	-	-	2,460,519	-	2,460,519
(Increase) decrease in:					
Accounts receivable	(143,010)	10,000	182,376	-	49,366
Due from other governments	(50,258)	-	309,889	-	259,631
Increase (decrease) in:					
Accounts payable	55,041	(500)	(869,707)	-	(815,166)
Retentions payable	-	-	26,412	-	26,412
Due to other governments	(5,589)	-	183,596	-	178,007
Unearned revenue	-	-	(30,972)	-	(30,972)
Total adjustments	(143,816)	9,500	2,262,113	-	2,127,797
Net cash provided by (used for) operating activities	\$ (63,832)	\$ 2,406	\$ 4,917,129	\$ -	\$ 4,855,703
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Capital asset purchase in accounts payable	\$ -	\$ -	\$ 182,917	\$ -	\$ 182,917

San Diego Association of Governments
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the year ended June 30, 2020

	Budgeted Amounts ¹		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal funds	\$ 207,839,000	\$ 215,763,000	\$ 12,588,774	\$ (203,174,226)
State funds	157,884,000	163,138,000	27,368,748	(135,769,252)
Local Transportation Development Act sales tax funds	2,766,000	4,483,000	2,188,641	(2,294,359)
Other governmental funding	42,751,000	55,968,000	6,628,748	(49,339,252)
Total revenues	411,240,000	439,352,000	48,774,911	(390,577,089)
EXPENDITURES				
Current:				
Regional transportation improvements	925,727,000	955,203,000	493,168,391	462,034,609
Total expenditures	925,727,000	955,203,000	493,168,391	462,034,609
REVENUES OVER				
(UNDER) EXPENDITURES	(514,487,000)	(515,851,000)	(444,393,480)	71,457,520
OTHER FINANCING SOURCES (USES)				
Transfers in	514,487,000	515,851,000	441,390,988	(74,460,012)
Transfers out	-	-	(287,504)	(287,504)
Total other financing sources (uses)	514,487,000	515,851,000	441,103,484	(74,747,516)
Net change in fund balances	\$ -	\$ -	(3,289,996)	\$ (3,289,996)
FUND BALANCES (DEFICIT)				
Beginning of year			(601,432)	
End of year			\$ (3,891,428)	

¹ Several transportation projects are completed in partnership with other governmental agencies. The *TransNet* Early Action Program (EAP) portion of the SANDAG Capital Budget is prepared in collaboration with Caltrans, the Metropolitan Transit System, and other governmental agencies in an effort to report, track, and monitor EAP projects on a combined, entire project level and the budgets include all funds received and spent by SANDAG and the other agencies. However, actuals are recorded and presented for funds directly received and spent by SANDAG and do not incorporate funds received and spent by others.

San Diego County Regional Transportation Commission
A Component Unit of the San Diego Association of Governments
Commercial Paper and Sales Tax Revenue Bonds Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 3,401,768	\$ 3,401,768
Debt repayments from other governments	-	-	4,150,792	4,150,792
Federal funds	6,479,618	6,479,618	6,588,313	108,695
Other revenues	-	-	2,093,813	2,093,813
Total revenues	6,479,618	6,479,618	16,234,686	9,755,068
EXPENDITURES:				
Current:				
Debt service:				
Principal retirement	29,785,000	31,642,000	31,642,000	-
Debt issuance costs	-	-	854,744	(854,744)
Interest and other charges	78,360,946	134,709,321	99,827,008	34,882,313
Payments to refunding escrow agent	-	-	4,240,102	(4,240,102)
Total expenditures	108,145,946	166,351,321	136,563,853	29,787,468
REVENUES OVER (UNDER) EXPENDITURES	(101,666,328)	(159,871,703)	(120,329,167)	39,542,536
OTHER FINANCING SOURCES (USES):				
Transfers in	108,145,946	551,101,261	132,677,284	418,423,977
Transfers out	(127,286,209)	(127,286,209)	(83,849,089)	(43,437,120)
Commercial paper issued	-	-	29,378,000	(29,378,000)
Bonds issued	-	-	517,440,000	(517,440,000)
Premium on bonds issued	-	-	20,448,312	(20,448,312)
Payments to refunding escrow agent	-	(406,145,000)	(446,044,046)	39,899,046
Total other financing sources (uses)	(19,140,263)	17,670,052	170,050,461	(152,380,409)
Net change in fund balances	\$ (120,806,591)	\$ (142,201,651)	49,721,294	\$ 191,922,945
FUND BALANCES:				
Beginning of year			102,592,899	
End of year			<u>\$ 152,314,193</u>	

San Diego Association of Governments
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
San Diego Association of Governments Debt Service Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal funds	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	3,587,633	(3,587,633)
Debt repayments from other governments	-	-	-	-
Total revenues	-	-	3,587,633	(3,587,633)
EXPENDITURES				
Current:				
Debt service:				
Principal retirement	-	-	-	-
Debt issuance costs	-	-	1,564,502	(1,564,502)
Interest and other charges	-	-	9,597,917	(9,597,917)
Total expenditures	-	-	11,162,419	(11,162,419)
REVENUES OVER				
(UNDER) EXPENDITURES	-	-	(7,574,786)	(14,750,052)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(316,384,073)	(316,384,073)
Bonds issued	-	-	335,000,000	335,000,000
Premium on bonds issued	-	-	35,972,526	35,972,526
Total other financing sources (uses)	-	-	54,588,453	54,588,453
Net change in fund balances	\$ -	\$ -	47,013,667	\$ 39,838,401
FUND BALANCES				
Beginning of year			-	
End of year			\$ 47,013,667	

San Diego Association of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Services Fund For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal funds	\$ 26,356,302	\$ 26,802,302	\$ 19,127,470	\$ (7,674,832)
State funds	13,893,679	14,173,959	7,566,002	(6,607,957)
Other local governmental funding	3,326,746	3,420,512	1,299,364	(2,121,148)
Member agency assessments	225,953	225,953	225,951	(2)
Other revenues	-	-	-	-
Total revenues	43,802,680	44,622,726	28,218,787	(16,403,939)
EXPENDITURES				
Current:				
Modeling and research	13,290,140	12,302,213	9,983,140	2,319,073
Criminal justice	1,132,102	1,435,986	1,103,957	332,029
Sustainable development	11,956,963	17,537,617	16,337,124	1,200,493
Smart mobility programs and services	29,596,904	28,873,869	19,500,160	9,373,709
Internal and external coordination	9,259,765	8,152,092	7,123,096	1,028,996
Bicycle facilities	1,086,369	1,086,369	359,167	727,202
Smart growth	13,049,855	13,049,855	8,799,807	4,250,048
Transit system improvements	2,229,783	2,229,783	1,203,064	1,026,719
Total expenditures	81,601,881	84,667,784	64,409,515	20,258,269
REVENUES OVER (UNDER) EXPENDITURES	(37,799,201)	(40,045,058)	(36,190,728)	3,854,330
OTHER FINANCING SOURCES (USES)				
Transfers in	37,799,201	40,045,058	31,012,229	(9,032,829)
Total other financing sources (uses)	37,799,201	40,045,058	31,012,229	(9,032,829)
Net change in fund balances	\$ -	\$ -	(5,178,499)	\$ (5,178,499)
FUND BALANCES (DEFICIT)				
Beginning of year			145,523	
End of year			\$ (5,032,976)	

San Diego Association of Governments

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual SAFE Program Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
SAFE program revenue	\$ 4,299,000	\$ 4,299,000	\$ 2,947,341	\$ (1,351,659)
Investment earnings	-	-	171,254	171,254
Total revenues	4,299,000	4,299,000	3,118,595	(1,180,405)
EXPENDITURES				
Current:				
SAFE program expense	1,761,663	1,779,556	1,520,134	259,422
Total expenditures	1,761,663	1,779,556	1,520,134	259,422
REVENUES OVER (UNDER) EXPENDITURES	2,537,337	2,519,444	1,598,461	(920,983)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,801,826)	(2,748,331)	(1,495,750)	1,252,581
Total other financing sources (uses)	(2,801,826)	(2,748,331)	(1,495,750)	1,252,581
Net change in fund balances	\$ (264,489)	\$ (228,887)	102,711	\$ 331,598
FUND BALANCES				
Beginning of year			8,583,660	
End of year			\$ 8,686,371	

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STATISTICAL SECTION

This part of the San Diego Association of Governments (SANDAG) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SANDAG's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how SANDAG's financial performance and well-being changed over time.	139
Revenue Capacity These schedules contain information to help the reader assess SANDAG's most significant local revenue source, the sales tax.	145
Debt Capacity These schedules present information to help the reader assess the affordability of SANDAG's current levels of outstanding debt and SANDAG's ability to issue additional debt in the future.	148
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which SANDAG's financial activities take place.	151
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the SANDAG CAFR relates to the services SANDAG provides and the activities it performs.	153

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.

San Diego Association of Governments
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 194,300,002	\$ 144,582,596	\$ 212,369,791	\$ 287,100,514	\$ 223,634,536	\$ 9,168,262	\$ 15,558,636	\$ 445,646,687	\$ 601,533,597	\$ 803,549,001
Restricted for:										
Mid-coast project	-	-	-	-	-	-	-	-	-	34,085,951
Debt service	26,892,891	10,314,653	64,135,550	28,414,519	32,633,420	39,337,425	42,315,044	44,561,875	47,604,345	63,669,996
Environmental mitigation	1,203,086	1,208,689	1,210,668	1,207,152	1,209,443	1,119,056	1,124,533	1,123,928	1,159,810	1,177,237
Freeway emergency service	-	-	-	-	-	-	-	8,279,175	8,582,301	8,683,786
Unrestricted (deficit)	183,072,505	(35,541,644)	(181,431,527)	(257,431,467)	(324,466,756)	(77,096,184)	(67,760,582)	(623,955,231)	(540,848,703)	(870,635,557)
Total governmental activities net position	\$ 405,468,484	\$ 120,564,294	\$ 96,284,482	\$ 59,290,718	\$ (66,989,357)	\$ (27,471,441)	\$ (8,762,369)	\$ (124,343,566)	\$ 118,031,350	\$ 40,530,414
Business-type activities										
Net investment in capital assets	\$ -	\$ 255,259,406	\$ 240,433,508	\$ 224,324,646	\$ 211,156,058	\$ 195,346,143	\$ 179,758,457	\$ 111,360,673	\$ 105,093,201	\$ 102,412,780
Restricted for:										
Debt service	-	1,866,486	448	986	1,397	2,133	3,624	16,940,865	18,285,521	18,476,695
Major maintenance post-acquisition	-	4,540,504	15,761,136	28,505,216	43,823,810	58,640,048	69,230,054	37,153,023	47,037,264	47,197,962
Project revenue	-	142,000	79,004	261,009	429,952	3,152,752	7,099,391	28,955,820	32,062,084	34,285,520
Toll road operations and improvements	-	-	-	7,479,433	12,798,483	19,699,661	26,454,909	31,179,457	39,888,725	35,410,702
Customer prepaid	-	-	-	-	-	-	-	172,395	137,148	69,404
iCommuter	-	-	-	-	-	-	-	9,744	12,636	9,071
Property management	-	-	-	-	-	-	38,563	35,564	549,181	1,374,831
Unrestricted (deficit)	2,611,579	(56,693,496)	(53,302,771)	(58,324,897)	(62,056,526)	(62,030,737)	(63,176,668)	397,238	423,438	503,486
Total business-type activities net position	\$ 2,611,579	\$ 205,114,900	\$ 202,971,325	\$ 202,246,393	\$ 206,153,174	\$ 214,810,000	\$ 219,408,330	\$ 226,204,779	\$ 243,489,198	\$ 239,740,451
Primary government										
Net investment in capital assets	\$ 194,300,002	\$ 399,842,002	\$ 452,803,299	\$ 511,425,160	\$ 434,790,594	\$ 204,514,405	\$ 195,317,093	\$ 557,007,360	\$ 706,626,798	\$ 905,961,781
Restricted for:										
Mid-coast project	-	-	-	-	-	-	-	-	-	34,085,951
Debt service	26,892,891	12,181,139	64,135,998	28,415,505	32,634,817	39,339,558	42,318,668	61,502,740	65,889,866	82,146,691
Environmental mitigation	1,203,086	1,208,689	1,210,668	1,207,152	1,209,443	1,119,056	1,124,533	1,123,928	1,159,810	1,177,237
Major maintenance post-acquisition	-	4,540,504	15,761,136	28,505,216	43,823,810	58,640,048	69,230,054	37,153,023	47,037,264	47,197,962
Project revenue	-	142,000	79,004	261,009	429,952	3,152,752	7,099,391	28,955,820	32,062,084	34,285,520
Toll road operations and improvements	-	-	-	7,479,433	12,798,483	19,699,661	26,454,909	31,179,457	39,888,725	35,410,702
Customer prepaid	-	-	-	-	-	-	-	172,395	137,148	69,404
Freeway emergency service	-	-	-	-	-	-	-	8,279,175	8,582,301	8,683,786
iCommuter	-	-	-	-	-	-	-	9,744	12,636	9,071
Property management	-	-	-	-	-	-	38,563	35,564	549,181	1,374,831
Unrestricted (deficit)	185,684,084	(92,235,140)	(234,734,298)	(315,756,364)	(386,523,282)	(139,126,921)	(130,937,250)	(623,557,993)	(540,425,265)	(870,132,071)
Total primary government net position	\$ 408,080,063	\$ 325,679,194	\$ 299,255,807	\$ 261,537,111	\$ 139,163,817	\$ 187,338,559	\$ 210,645,961	\$ 101,861,213	\$ 361,520,548	\$ 280,270,865

Source: Finance Department

San Diego Association of Governments
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018 ¹	2019	2020
Expenses										
Governmental activities:										
General government, net of cost recovery	\$ 4,340,560	\$ (50,395)	\$ (75,055)	\$ (486,437)	\$ (34,313)	\$ 1,916,776	\$ 668,106	\$ 365,593	\$ 286,736	\$ 1,811,022
Modeling and research	2,945,543	3,906,142	4,458,732	4,545,222	5,102,366	6,212,388	8,198,683	6,437,020	6,724,948	9,983,140
Criminal justice	1,322,882	1,635,255	1,521,582	1,495,834	1,303,563	1,214,864	1,524,153	1,021,489	1,101,009	1,103,957
Planning and forecasting	5,626,008	4,708,816	4,212,706	4,394,795	-	-	-	-	-	-
Sustainable development	1,640,795	1,269,411	1,304,160	1,003,906	6,806,436	6,765,168	5,275,752	8,172,047	9,449,673	16,337,124
Sustainable mobility programs and services	46,513,217	46,418,002	47,366,426	21,247,297	18,332,743	18,012,242	20,898,685	17,112,585	22,305,301	21,612,236
Intermodal planning and implementation	1,554,009	2,602,205	2,114,127	1,528,526	1,296,930	-	-	-	-	-
Internal and external coordination	4,506,081	7,078,166	5,773,179	5,353,344	5,524,869	6,016,306	6,707,729	6,914,668	7,223,524	7,123,096
SAFE program	-	-	11,216,566	1,600,183	1,669,308	1,436,053	1,631,813	1,870,670	1,589,922	1,520,134
Bicycle facilities	1,108,513	192,495	71,080	1,990,728	2,186,253	2,446,815	2,772,067	880,943	894,799	365,593
Independent Taxpayer Oversight Committee	85,510	356,159	83,071	96,017	367,036	98,320	100,853	365,953	368,376	376,416
Major corridor capital projects	16,217,358	542,364	126,155	141,223	2,886,200	564,642	1,932,128	165,400	-	157,915
Major corridor environmental mitigation	3,239	4,264	-	20,306	23,708	12,172	23,857	8,879	7,979	15,124
Local project environmental mitigation	33,793	1,744	34,019	7,824	8,100	10,845	20,181	14,275	10,002	10,381
Local street improvements	33,306,399	86,880,721	66,153,631	52,452,895	73,431,440	110,896,814	83,303,412	86,085,711	76,138,673	79,726,182
Smart growth	934,701	1,821,384	1,783,732	2,525,948	4,168,356	5,680,797	3,224,585	5,596,218	2,698,814	8,809,836
New major corridor transit operations	862,901	1,912,773	606,497	2,509,523	11,850,929	11,794,749	11,521,508	12,033,896	16,255,635	19,797,658
Transit system improvements	34,556,716	37,632,167	39,679,702	40,266,354	43,217,224	44,659,647	46,459,496	46,247,104	49,741,390	51,033,075
Transit capital contributions	125,806,324	246,284,582	244,093,156	303,556,952	350,041,508	129,905,775	261,986,096	389,693,612	186,145,897	214,437,991
Interest on long-term debt	36,988,739	46,908,631	58,602,402	57,551,894	70,639,904	71,181,207	85,266,788	78,563,591	87,163,728	86,709,311
Cost of debt issuance	-	6,256,132	-	-	-	-	-	-	-	-
Total governmental activities expenses	318,353,288	496,361,018	489,125,868	501,802,334	598,822,560	418,825,580	541,515,892	661,549,654	468,106,406	520,930,191
Business-type activities:										
Service Bureau	312,016	490,289	504,167	548,715	344,081	513,539	496,667	496,080	287,561	310,243
SourcePoint	-	-	-	-	-	-	-	16,565	12,998	11,510
Interstate 15 FasTrak	3,702,804	5,094,168	6,092,062	6,582,099	6,764,023	7,191,848	7,738,446	8,499,225	7,871,335	8,858,083
State Route 125 Toll Road	-	12,013,407	29,911,481	30,380,940	30,117,602	30,647,549	33,745,657	33,940,919	33,836,049	33,470,990
Total business-type activities expenses	4,014,820	17,597,864	36,507,710	37,511,754	37,225,706	38,352,936	41,980,770	42,952,789	42,007,943	42,650,826
Total primary government expenses	\$ 322,368,108	\$ 513,958,882	\$ 525,633,578	\$ 539,314,088	\$ 636,048,266	\$ 457,178,516	\$ 583,496,662	\$ 704,502,443	\$ 510,114,349	\$ 563,581,017

San Diego Association of Governments
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018 ¹	2019	2020
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 547,426	\$ 547,426	\$ 565,386	\$ 547,425	\$ 547,426	\$ 547,424	\$ 547,426	\$ 547,426	\$ 547,424	\$ 1,094,852
Transit support activities	1,106,349	1,208,837	1,184,459	-	-	-	-	-	-	-
Criminal justice	200,000	199,999	200,001	200,000	200,001	200,001	200,000	213,999	219,608	225,951
SAFE program	-	-	1,614,190	2,757,111	2,787,196	2,896,366	2,954,988	2,694,729	3,252,355	2,947,341
Operating grants and contributions	62,912,360	65,142,256	78,195,117	34,298,223	33,680,470	31,489,804	32,714,717	34,414,426	39,970,028	40,211,436
Capital grants and contributions	91,481,754	114,897,279	112,147,740	150,652,714	175,682,343	132,821,561	202,046,295	174,146,558	331,973,062	46,465,874
Total governmental activities program revenues	156,247,889	181,995,797	193,906,893	188,455,473	212,897,436	167,955,156	238,463,426	212,017,138	375,962,477	90,945,454
Business-type activities:										
Charges for services:										
Service Bureau	332,478	534,763	547,760	639,983	384,544	559,527	524,076	531,285	313,877	390,227
SourcePoint	-	-	-	-	-	-	-	226,362	11,880	4,416
Interstate 15 FasTrak	4,005,920	4,786,063	6,141,283	6,449,971	10,156,279	12,216,848	12,992,560	13,510,720	14,597,256	11,513,099
State Route 125 Toll Road	-	15,134,831	26,134,191	29,764,264	32,031,279	35,075,079	37,618,422	41,748,531	41,628,570	37,883,290
Total business-type activities program revenues	4,338,398	20,455,657	32,823,234	36,854,218	42,572,102	47,851,454	51,135,058	56,016,898	56,551,583	49,791,032
Total primary government program revenues	\$ 160,586,287	\$ 202,451,454	\$ 226,730,127	\$ 225,309,691	\$ 255,469,538	\$ 215,806,610	\$ 289,598,484	\$ 268,034,036	\$ 432,514,060	\$ 140,736,486
Net (expense)/revenue										
Governmental activities	\$ (162,105,399)	\$ (314,365,221)	\$ (295,218,975)	\$ (313,376,861)	\$ (385,925,124)	\$ (250,870,424)	\$ (303,052,466)	\$ (449,532,516)	\$ (92,143,929)	\$ (429,984,737)
Business-type activities	323,578	2,857,793	(3,684,476)	(657,536)	5,346,396	9,498,518	9,154,288	13,064,109	14,543,640	7,140,206
Total primary government net expense	\$ (161,781,821)	\$ (311,507,428)	\$ (298,903,451)	\$ (314,034,397)	\$ (380,578,728)	\$ (241,371,906)	\$ (293,898,178)	\$ (436,468,407)	\$ (77,600,289)	\$ (422,844,531)
General Revenues and Other Change in Net Position										
Governmental activities:										
Local <i>TransNet</i> sales tax funds	\$ 223,939,663	\$ 239,071,064	\$ 249,520,133	\$ 261,732,291	\$ 270,482,476	\$ 276,383,787	\$ 286,965,955	\$ 302,364,081	\$ 303,529,448	\$ 313,251,738
Local Transportation Development Act sales tax funds	7,012,535	7,488,972	8,135,581	9,932,385	11,284,888	12,144,169	15,635,044	10,200,837	11,472,988	10,140,628
Investment earnings (loss)	14,321,473	(6,984,702)	12,212,398	4,604,966	10,894,328	550,944	14,043,487	15,120,087	18,552,398	12,735,311
Other revenues	35,625	32,336	64,454	9,832	3,582	173,282	53,972	53,195	532,730	2,525,662
Transfers in (out)	(10,427)	(210,146,639)	(1,492,360)	103,622	(2,086,871)	1,136,158	5,063,080	7,694,442	431,281	13,830,462
Total governmental activities	245,298,869	29,461,031	268,440,206	276,383,096	290,578,403	290,388,340	321,761,538	335,432,642	334,518,845	352,483,801
Business-type activities:										
Investment earnings	14,108	(10,501,111)	37,141	36,226	201,842	294,466	468,559	1,532,640	2,658,443	2,115,859
Other revenues	-	-	11,400	-	-	-	38,563	-	513,617	825,650
Transfers in (out)	10,427	210,146,639	1,492,360	(103,622)	2,086,871	(1,136,158)	(5,063,080)	(7,694,442)	(431,281)	(13,830,462)
Total business-type activities	24,535	199,645,528	1,540,901	(67,396)	2,288,713	(841,692)	(4,555,958)	(6,161,802)	2,740,779	(10,888,953)
Total primary government	\$ 245,323,404	\$ 229,106,559	\$ 269,981,107	\$ 276,315,700	\$ 292,867,116	\$ 289,546,648	\$ 317,205,580	\$ 329,270,840	\$ 337,259,624	\$ 341,594,848
Change in net position										
Governmental activities	\$ 83,193,470	\$ (284,904,190)	\$ (26,778,769)	\$ (36,993,765)	\$ (95,346,721)	\$ 39,517,916	\$ 18,709,072	\$ (114,099,874)	\$ 242,374,916	\$ (77,500,936)
Business-type activities	348,113	202,503,321	(2,143,575)	(724,932)	7,635,109	8,656,826	4,598,330	6,902,307	17,284,419	(3,748,747)
Total primary government	\$ 83,541,583	\$ (82,400,869)	\$ (28,922,344)	\$ (37,718,697)	\$ (87,711,612)	\$ 48,174,742	\$ 23,307,402	\$ (107,197,567)	\$ 259,659,335	\$ (81,249,683)

Source: Finance Department

¹ Beginning in 2018, SourcePoint was classified as a blended component unit of SANDAG and was included in business-type activities.

Note: Certain amounts from prior years have been reclassified in order to present comparable results.

San Diego Association of Governments
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	44,896	113,560	59,670	465,189	191,813
Assigned	263,449	376,736	-	-	-
Unassigned	6,204,099	9,132,124	11,542,244	13,817,185	14,670,176
All other governmental funds					
Reserved	\$ -	\$ -	\$ -		
Unreserved, reported in:					
Special revenue funds	-	-	-	1,917	
Capital projects fund	-	-	-		
Debt service fund	-	-	-		
Nonspendable, reported in:					
Special revenue funds	508	1,182,899	315	7,129,070	24,403
Capital projects fund	25,832,151	19,451,327	8,737,107		3,814,294
Restricted, reported in:					
Special revenue funds	380,945,586	447,198,151	422,030,465	509,764,607	580,925,918
Debt service fund	436,660,863	393,359,255	291,362,816	62,883,888	231,030,381
Assigned, reported in:					
Special revenue funds	1,089,608	366,605	-		
Capital projects fund	17,044,959	-	-	(10,095,000)	
Unassigned, reported in:					
Special revenue funds	1,738,947	(3,258,178)	(1,074,869)		(3,058,296)
Capital projects fund	-	-	(14,079,322)		(22,651,697)
Total all other governmental funds	\$ 863,312,622	\$ 858,300,059	\$ 706,976,512	\$ 569,684,482	\$ 790,085,003

	Fiscal Year				
	2016	2017	2018	2019	2020
General fund					
Nonspendable	\$ 107,893	\$ 256,879	\$ 371,896	\$ 239,183	\$ 409,812
Restricted	-	-	4,771,795	6,705,300	8,182,701
Committed	-	-	7,990,000	5,812,000	5,302,000
Assigned	-	-	140,460	293,625	-
Unassigned	13,128,367	16,435,274	3,846,604	6,010,082	5,956,457
Total general fund	\$ 13,236,260	\$ 16,692,153	\$ 17,120,755	\$ 19,060,190	\$ 19,850,970
All other governmental funds					
Nonspendable, reported in:					
Special revenue funds	\$ 150,835	\$ 125,131	\$ 232,555	\$ 102,432	\$ 360,121
Capital projects fund	5,769,471	256,119	272,330	6,676,335	3,500,044
Restricted, reported in:					
Special revenue funds	567,247,729	489,563,141	438,673,832	562,554,009	532,797,254
Debt service fund	69,088,189	225,652,427	413,051,537	102,592,899	199,327,860
Unassigned, reported in:					
Special revenue funds	(1,955,396)	(5,301,881)	(3,069,879)	-	(5,344,746)
Capital projects fund	(10,295,468)	(4,892,812)	(8,161,334)	(7,277,766)	(7,391,472)
Total all other governmental funds	\$ 630,005,360	\$ 705,402,125	\$ 840,999,041	\$ 664,647,909	\$ 723,249,061

Source: Finance Department

San Diego Association of Governments
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Federal funds	\$ 58,782,786	\$ 65,491,578	\$ 62,203,796	\$ 97,537,254	\$ 58,992,094	\$ 109,641,390	\$ 199,748,046	\$ 141,139,315	\$ 339,203,641	\$ 38,304,557
State funds	50,665,783	81,143,207	74,185,732	89,207,154	94,902,014	40,544,354	15,741,066	55,524,721	26,189,801	34,934,750
Local <i>TransNet</i> sales tax funds	223,939,663	239,071,064	249,520,133	261,732,291	270,482,476	276,383,787	286,965,955	302,364,081	303,529,448	313,251,738
Local Transportation Development Act sales tax funds	7,012,535	7,488,972	8,135,581	9,932,385	11,284,888	12,144,169	15,635,044	10,200,837	11,472,988	10,140,628
Other local governmental funding	6,451,622	5,982,868	10,517,389	5,347,828	41,345,625	23,076,654	20,646,249	10,997,231	9,887,819	7,778,112
Prepaid fare media sales revenue	31,954,282	28,764,525	27,178,362	-	-	-	-	-	-	-
SAFE program revenue	-	-	1,614,190	2,757,111	2,787,196	2,896,366	2,954,988	2,694,729	3,252,355	2,947,341
Member agency assessments	747,426	747,425	747,427	747,425	747,427	747,425	747,426	761,425	767,032	1,320,803
Investment earnings	4,661,340	5,149,714	4,338,235	6,411,023	7,057,123	10,059,633	7,615,586	11,603,006	24,977,950	24,338,715
Debt repayments from other governments	1,430,353	943,177	1,624,727	1,593,525	1,729,969	1,879,752	1,806,954	1,519,755	1,990,505	4,150,792
Other revenues	611,701	596,467	4,708,500	185,844	89,642	278,598	185,787	53,195	532,730	2,525,662
Total revenues	386,257,491	435,378,997	444,774,072	475,451,840	489,418,454	477,652,128	552,047,101	536,858,295	721,804,269	439,693,098
Expenditures										
Current:										
General government	31,551,416	29,908,171	36,081,584	40,237,955	40,232,641	41,834,324	44,077,916	44,806,974	49,672,055	54,579,269
Cost recovery	(28,897,881)	(30,048,643)	(36,320,981)	(40,829,605)	(39,803,511)	(40,055,697)	(43,552,068)	(45,001,058)	(49,867,533)	(54,385,304)
Modeling and research	2,945,543	3,961,210	4,404,320	4,520,203	5,088,282	6,203,055	8,194,350	6,478,846	6,700,639	9,983,140
Criminal justice	1,322,882	1,635,255	1,521,582	1,495,834	1,303,563	1,214,864	1,524,153	1,021,489	1,101,009	1,103,957
Planning and forecasting	5,626,008	4,708,816	4,212,706	4,394,795	-	-	-	-	-	-
Sustainable development	1,640,795	1,269,411	1,304,160	1,033,906	6,806,436	6,765,168	5,275,752	8,172,047	9,449,673	16,337,124
Sustainable mobility programs and services	46,561,518	45,016,226	47,420,104	21,159,246	19,015,421	18,084,006	18,629,735	20,037,889	23,161,705	19,500,160
Intermodal planning and implementation	1,554,009	2,602,205	2,114,127	1,528,526	1,296,930	-	-	-	-	-
Internal and external coordination	4,506,081	7,078,166	5,773,179	5,353,344	5,524,869	6,016,306	6,707,729	6,914,668	7,223,524	7,123,096
SAFE program	-	-	11,216,566	1,600,183	1,669,308	1,436,053	1,631,813	1,870,670	1,589,922	1,520,134

San Diego Association of Governments
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bicycle facilities	\$ 1,108,513	\$ 192,495	\$ 71,080	\$ 1,990,728	\$ 2,186,253	\$ 2,446,815	\$ 2,772,067	\$ 880,943	\$ 894,799	\$ 365,593
Independent Taxpayer Oversight Committee	85,510	356,159	83,071	96,017	367,036	98,320	100,853	365,953	368,376	376,416
Major corridor capital projects	16,217,358	542,364	126,155	141,223	2,886,200	564,642	1,932,128	165,400	-	157,915
Major corridor environmental mitigation	3,239	4,264	-	20,306	23,708	12,172	23,857	8,879	7,979	15,124
Local project environmental mitigation	33,793	1,744	34,019	7,824	8,100	10,845	20,181	14,275	10,002	10,381
Local street and road improvements	33,306,399	94,061,810	78,188,231	61,583,853	76,691,415	113,647,914	85,032,205	87,149,711	79,555,673	109,104,182
Smart growth	934,701	1,821,384	1,783,732	2,525,948	4,168,356	5,680,797	3,224,585	5,596,218	2,698,814	8,809,836
New major corridor transit operations	862,901	1,912,773	606,497	2,509,523	11,850,929	11,794,749	11,521,508	12,033,896	16,255,635	19,797,658
Transit system improvements	34,556,716	37,632,167	39,679,702	40,266,354	43,217,224	44,659,647	46,459,496	46,247,104	49,741,390	51,033,075
Regional transportation improvements ¹	157,934,729	282,966,853	325,735,127	427,710,598	362,366,104	371,790,100	531,402,710	664,502,130	567,507,977	493,168,391
Debt service:										
Principal retirement	20,048,000	165,460,000	20,260,000	16,585,000	60,050,000	22,455,000	72,510,000	55,906,000	29,754,000	31,642,000
Debt issuance costs	2,864,732	2,296,858	-	-	553,594	-	1,284,951	1,557,833	-	2,419,246
Interest and other charges	33,107,476	69,284,878	53,909,872	56,961,271	66,587,190	72,279,578	83,332,849	87,552,444	104,238,608	109,424,925
Total expenditures	367,874,438	722,664,566	598,204,833	650,893,032	672,090,048	686,938,658	882,106,770	1,006,282,311	900,064,247	882,086,318
Excess of revenues over (under) expenditures	18,383,053	(287,285,569)	(153,430,761)	(175,441,192)	(182,671,594)	(209,286,530)	(330,059,669)	(469,424,016)	(178,259,978)	(442,393,220)
Other financing sources (uses)										
Transfers in	309,509,142	592,295,624	409,359,665	637,648,946	492,307,822	573,094,870	667,372,977	1,023,074,533	714,636,727	698,498,096
Transfers out	(309,519,569)	(784,295,624)	(409,350,914)	(637,545,324)	(492,294,556)	(571,958,712)	(662,279,212)	(1,015,380,091)	(714,205,446)	(684,667,634)
Commercial paper issued	-	921,000	1,579,000	40,726,000	1,999,000	46,445,000	-	28,650,000	3,417,000	29,378,000
Bonds issued	350,000,000	420,585,000	-	-	350,000,000	-	325,000,000	537,480,000	-	852,440,000
Premium on bonds issued	849,368	55,876,982	-	-	55,305,483	-	78,818,562	31,625,092	-	56,420,838
Total other financing sources (uses)	350,838,941	285,382,982	1,587,751	40,829,622	407,317,749	47,581,158	408,912,327	605,449,534	3,848,281	952,069,300
Net change in fund balances	\$ 369,221,994	\$ (1,902,587)	\$ (151,843,010)	\$ (134,611,570)	\$ 224,646,155	\$ (161,705,372)	\$ 78,852,658	\$ 136,025,518	\$ (174,411,697)	\$ 509,676,080
Capitalized assets	\$ 31,250,957	\$ 17,150,864	\$ 80,208,142	\$ 124,034,459	\$ 1,010,399	\$ 241,979,576	\$ 269,822,127	\$ 278,617,416	\$ 383,849,571	\$ 277,911,789
Debt service as a percentage of noncapital expenditures²	15.79%	33.27%	14.32%	13.96%	18.87%	21.29%	25.45%	19.71%	25.96%	23.35%

Source: Finance Department

¹Beginning in 2016, Regional transportation improvements replaced Capital outlay.

²Debt service ratio is calculated by dividing total debt service expenditures by total expenditures and capitalized assets.

Note: Certain amounts from prior years have been reclassified in order to present comparable results.

San Diego Association of Governments
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Sales Tax</u>
2011	223,939,663
2012	239,071,064
2013	249,520,133
2014	261,732,291
2015	270,482,476
2016	276,383,787
2017	286,965,955
2018	302,364,081
2019	303,529,448
2020	313,251,738

Source: Finance Department

San Diego Association of Governments
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	<i>TransNet</i> Sales Tax Proposition A ¹	County of San Diego ²
2011	0.50%	8.75%
2012	0.50%	7.75%
2013	0.50%	8.00%
2014	0.50%	8.00%
2015	0.50%	8.00%
2016	0.50%	8.00%
2017	0.50%	7.75%
2018	0.50%	7.75%
2019	0.50%	7.75%
2020 ³	0.50%	7.75%

Source: California Department of Tax and Fee Administration

¹ *TransNet* sales tax was extended another 40 years to 2048 in 2004 under Proposition A.

² The following seven cities within the County of San Diego have a sales tax rate other than 7.75%:

Chula Vista	8.75%
Del Mar	8.75%
El Cajon	8.25%
La Mesa	8.50%
National City	8.75%
Vista	8.25%
Oceanside	8.25%

³ Rates Effective 7/1/20

San Diego Association of Governments
San Diego Region Taxable Sales by Jurisdiction
Fiscal Year 2019¹ and Ten Years Prior

	FY 2019 ²			FY 2009 ³		
	Taxable Sales (in thousands)	Rank	Percentage of Total	Taxable Sales (in thousands)	Rank	Percentage of Total
San Diego	\$ 25,595,567	1	41.7%	\$ 17,878,932	1	43.0%
Escondido	3,247,673	3	5.3%	2,132,167	5	5.1%
Carlsbad	3,222,640	4	5.3%	2,191,041	4	5.3%
Chula Vista	3,039,149	5	5.0%	2,303,400	3	5.5%
El Cajon	2,282,107	6	3.7%	1,664,720	6	4.0%
Oceanside	1,835,834	7	3.0%	1,442,389	7	3.5%
National City	1,654,201	8	2.7%	1,129,833	9	2.7%
Vista	1,531,406	9	2.5%	1,075,510	10	2.6%
San Marcos	1,525,901	10	2.5%	1,152,121	8	2.8%
Poway	1,247,509	11	2.0%	893,047	12	2.1%
Santee	1,246,499	12	2.0%	675,791	14	1.6%
Encinitas	1,164,306	13	1.9%	886,134	13	2.1%
La Mesa	1,106,759	14	1.8%	910,535	11	2.2%
Lemon Grove	468,839	15	0.8%	310,032	15	0.7%
Solana Beach	297,682	16	0.5%	241,650	16	0.6%
Coronado	296,055	17	0.5%	204,458	17	0.5%
Del Mar	169,191	18	0.3%	128,720	18	0.3%
Imperial Beach	113,550	19	0.2%	68,976	19	0.2%
Incorporated	50,044,868			35,289,456		
Unincorporated	11,320,410	2	18.4%	6,334,180	2	15.2%
San Diego Region Total	<u>\$ 61,365,277</u>		<u>100.0%</u>	<u>\$ 41,623,636</u>		<u>100.0%</u>

Source: California Board of Equalization, "Taxable Sales by City"

¹ Annual data for 2020 are not yet available.

² Sum of data for third and fourth quarters of 2018 and first and second quarters of 2019.

³ Sum of data for third and fourth quarters of 2009 and first and second quarters of 2010.

San Diego Association of Governments

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
	Sales Tax Revenue				TIFIA Notes	Toll Revenue				
	Revenue Bonds	Short-Term Bonds	Commercial Paper	Total		Bonds	Total			
2011	916,463,741	-	34,000,000	950,463,741	-	-	-	950,463,741	0.563%	304
2012	1,228,392,144	-	33,821,000	1,262,213,144	95,629,359	-	95,629,359	1,357,842,503	0.777%	429
2013	1,208,152,472	-	33,989,000	1,242,141,472	100,572,988	-	100,572,988	1,342,714,460	0.751%	419
2014	1,191,472,800	-	73,001,000	1,264,473,800	159,790,992	-	159,790,992	1,424,264,792	0.760%	440
2015	1,578,319,665	-	30,440,000	1,608,759,665	160,299,501	-	160,299,501	1,769,059,166	0.905%	541
2016	1,554,507,253	-	75,000,000	1,629,507,253	161,363,534	-	161,363,534	1,790,870,787	0.903%	545
2017	1,928,648,386	-	26,750,000	1,955,398,386	164,765,823	-	164,765,823	2,120,164,209	1.061%	641
2018	1,882,812,559	567,116,301	26,614,000	2,476,542,860	- ³	230,697,785	230,697,785	2,707,240,645	1.344%	812
2019	1,845,785,956	556,222,998	28,692,000	2,430,700,954	-	225,131,369	225,131,369	2,655,832,323	1.319%	795
2020	1,884,918,254	545,512,713	56,213,000	2,486,643,967	-	218,376,331	218,376,331	2,705,020,298	1.254% ²	809

Source: Finance Department

Note: Details regarding the outstanding debt can be found in the Notes to the Basic Financial Statements, Note II.H.

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

² Used the most recent data available (2019).

³ The SR 125 TIFIA Notes were repaid in fiscal year 2018.

San Diego Association of Governments
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue	Sales Tax Revenue								Coverage
		Bonds		Short-Term Notes		Commercial Paper		Total		
		Debt Service		Debt Service		Debt Service		Debt Service		
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2011	223,939,663	12,160,000	29,792,943	-	-	572,000	381,768	12,732,000	30,174,711	5.22
2012	239,071,064	164,360,000	42,798,432	-	-	1,100,000	737,393	165,460,000	43,535,825	1.14
2013	249,520,133	18,640,000	50,723,216	-	-	1,620,000	584,452	20,260,000	51,307,668	3.49
2014	261,732,291	15,080,000	54,038,836	-	-	1,505,000	370,577	16,585,000	54,409,413	3.69
2015	270,482,476	15,490,000	63,254,010	-	-	1,835,000	401,719	17,325,000	63,655,729	3.34
2016	276,383,787	20,570,000	70,123,201	-	-	1,885,000	415,880	22,455,000	70,539,081	2.97
2017	286,965,955	24,260,000	80,450,441	-	-	1,805,000	581,493	26,065,000	81,031,934	2.68
2018	302,364,081	27,120,000	84,878,338	-	-	1,200,000	788,060	28,320,000	85,666,398	2.65
2019	303,529,448	28,504,000	101,809,081	-	-	1,250,000	959,990	29,754,000	102,769,071	2.29
2020	313,251,738	29,785,000	100,754,710	-	-	1,857,000	329,770	31,642,000	101,084,480	2.36

Source: Finance Department

Note: Details regarding the outstanding debt can be found in the Notes to the Basic Financial Statements, Note II.G.

San Diego Association of Governments
Pledged-Revenue Coverage - SR 125 Toll Road
Last Eight Fiscal Years

	Fiscal Year							
	2013	2014	2015	2016	2017	2018	2019	2020
SR 125 Project revenue	\$ 26,134,191	\$ 29,743,159	\$ 31,951,777	\$ 35,346,500	\$ 38,049,829	\$ 42,826,499	\$ 43,485,397	\$ 39,194,197
Less: Operating and maintenance costs	(8,172,275)	(8,768,921)	(8,914,720)	(11,384,338)	(11,540,125)	(10,980,405)	(12,805,257)	(12,536,614)
Net available revenue	<u>\$ 17,961,916</u>	<u>\$ 20,974,238</u>	<u>\$ 23,037,057</u>	<u>\$ 23,962,162</u>	<u>\$ 26,509,704</u>	<u>\$ 31,846,094</u>	<u>\$ 30,680,140</u>	<u>\$ 26,657,583</u>
TIFIA Pledged-Revenue Coverage¹								
Net available revenue	17,961,916	20,974,238	23,037,057	23,962,162	26,509,704	31,846,094	30,680,140	26,657,583
Debt service								
Principal	135,018	656,988	1,468,175	1,140,315	637,212	-	-	-
Interest	3,541,164	3,533,930	3,482,998	3,664,849	3,886,914	-	-	-
Total debt service	<u>\$ 3,676,182</u>	<u>\$ 4,190,918</u>	<u>\$ 4,951,173</u>	<u>\$ 4,805,164</u>	<u>\$ 4,524,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	4.89	5.00	4.65	4.99	5.86	n/a	n/a	n/a
First Subordinate Obligation Pledged-Revenue Coverage¹								
Net available revenue	17,961,916	20,974,238	23,037,057	23,962,162	26,509,704	31,846,094	30,680,140	26,657,583
Less:								
TIFIA debt service	(3,676,182)	(4,190,918)	(4,951,173)	(4,805,164)	(4,524,126)	-	-	-
Major maintenance reserve fund deposits	(10,865,173)	(5,684,084)	(12,727,141)	(15,572,916)	(16,485,768)	(14,602,762)	-	-
Adjusted net available revenue	<u>\$ 3,420,561</u>	<u>\$ 11,099,236</u>	<u>\$ 5,358,743</u>	<u>\$ 3,584,082</u>	<u>\$ 5,499,810</u>	<u>\$ 17,243,332</u>	<u>\$ 30,680,140</u>	<u>\$ 26,657,583</u>
Debt service								
Principal	1,044,422	528,080	-	-	-	-	-	-
Interest	316,883	2,674,226	2,649,982	2,649,982	2,649,982	662,495	-	-
Total debt service	<u>\$ 1,361,305</u>	<u>\$ 3,202,306</u>	<u>\$ 2,649,982</u>	<u>\$ 2,649,982</u>	<u>\$ 2,649,982</u>	<u>\$ 662,495</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	2.51	3.47	2.02	1.35	2.08	26.03	n/a	n/a
Bond Pledged-Revenue Coverage								
Net available revenue	17,961,916	20,974,238	23,037,057	23,962,162	26,509,704	31,846,094	30,680,140	26,657,583
Debt service								
Principal	-	-	-	-	-	3,070,000	4,315,000	4,535,000
Interest	-	-	-	-	-	5,913,294	9,553,500	9,337,750
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,983,294</u>	<u>\$ 13,868,500</u>	<u>\$ 13,872,750</u>
Coverage	0.00	0.00	0.00	0.00	0.00	3.55	2.21	1.92

Source: Finance Department

Note: Details regarding the outstanding debt can be found in the Notes to the Basic Financial Statements, Note II.H. SR 125 toll road was acquired by SANDAG in fiscal year 2012.

¹ The TIFIA and First Subordinate obligations were defeased in fiscal year 2018.

San Diego Association of Governments
Demographic and Economic Statistics
Last Ten Available Calendar Years¹

Calendar Year	Population ²	Personal Income ³	Per Capita Personal Income ³	Median Age ⁴	Unemployment Rate ⁵
2010	3,095,313	163,181,429	52,574	34.7	10.8%
2011	3,125,264	168,897,450	53,793	34.8	10.3%
2012	3,161,750	174,695,138	54,939	34.9	9.1%
2013	3,201,417	178,784,447	55,584	35.1	7.8%
2014	3,235,142	187,455,171	57,557	35.3	6.4%
2015	3,267,992	195,550,333	59,438	35.6	5.2%
2016	3,287,279	198,220,222	59,755	35.9	4.7%
2017	3,309,626	199,808,783	59,864	36.1	4.0%
2018	3,333,128	201,410,076	59,974	36.4	3.3%
2019	3,340,312	215,773,539	64,428	35.6	3.2%

Source: Data compiled by SANDAG Service Bureau

¹ Data for 2020 is not yet available, therefore, 2019 data is the most current year provided.

² California Department of Finance, "January Population and Housing Estimates";

³ U.S. Bureau of Economic Analysis (BEA), Regional Economic Accounts "Local Area Personal Income Accounts," Table CA5N; Bureau of Labor Statistics (BLS), retrieved from FRED, Chained Consumer Price Index (CPI), "Series CUUSA424SA0."

⁴ SANDAG Preliminary Estimates, Vintage 2019 (2011-2019), SANDAG Estimates, Vintage 20010 (2005-2010);

⁵ California Employment Development Department (EDD), Local Area Unemployment Statistics (LAUS), Annual Average;

Notes: Year-to-year variation for Educational Attainment and Poverty are the result of both actual change and sampling error. Personal Income and Per Capita Personal Income were inflation-adjusted to 2019 dollars. Median Age for 2020 and Personal Income and Per Capita Personal Income for 2019 were estimated using the prior year's growth rate.

San Diego Association of Governments
San Diego Region Employment by Industry
Calendar Year 2019¹ and Nine Years Prior

Industry Type	2019 ¹		2010	
	Annual Employment	% of Total Employment	Annual Employment	% of Total Employment
Agriculture	9,600	0.6%	10,500	0.8%
Natural Resources and Mining	400	0.0%	400	0.0%
Construction	84,000	5.6%	55,400	4.4%
Manufacturing	115,100	7.6%	95,700	7.6%
Wholesale Trade	44,200	2.9%	41,900	3.3%
Retail Trade	145,400	9.6%	130,700	10.4%
Transportation, Warehousing and Utilities	34,400	2.3%	26,500	2.1%
Information	23,500	1.6%	25,100	2.0%
Financial Activities	76,400	5.0%	67,200	5.4%
Professional and Business Services	256,600	17.0%	203,300	16.3%
Educational and Health Services	216,000	14.3%	164,600	13.2%
Leisure and Hospitality	202,400	13.4%	153,200	12.2%
Other Services	55,800	3.7%	46,100	3.7%
Government (civilian)	249,600	16.5%	230,500	18.4%
Total, All Industries	1,513,400	100.0%	1,251,100	100.0%

Source: California Employment Development Department, Labor Market Information Division, March 2019 Benchmark.

Note: Employment figures may not add up to totals due to rounding.

¹ Data for 2020 is not yet available; therefore, 2019 data is provided.

San Diego Association of Governments
Operating Indicators: Employees by Functional Department
Last Ten Fiscal Years

Functional Department	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Regular Full-Time Equivalent (FTE) Employees: ¹										
Administration/Organization Effectiveness	33	32	33	33	33	35	34	35	36	29
Contracts and Grants	-	-	-	-	-	-	-	-	-	23
Strategic Communications	-	-	-	-	-	9	9	9	9	28
Finance	17	16	17	17	15	16	16	16	16	18
Executive	21	30	32	31	31	15	11	12	12	16
Office of the Independent Auditor	-	-	-	-	-	-	-	-	-	2
Technical Services	49	49	53	55	55	54	49	51	51	27
Transportation Planning	31	31	35	35	35	36	39	36	36	34
Data management and Operations	-	-	-	4	4	20	26	26	28	69
ARJIS (3)	-	-	-	-	-	-	-	-	-	17
TransNet Department	-	-	-	-	9	8	8	8	8	11
Mobility Management and Project Implementation	46	41	42	40	37	29	30	29	29	46
Total Regular FTE Employees	197	199	212	215	219	222	222	222	225	320
Limited Term FTE Employees: ²										
Administration	-	1	4	4	13	15	17	16	20	-
Contracts and Grants	-	-	-	-	-	-	-	-	-	1
Communications	-	-	-	-	-	9	8	8	8	-
Finance	-	-	1	1	1	1	2	2	1	2
Executive	5	9	7	7	12	3	2	2	3	-
Technical Services	4	4	9	9	10	10	10	10	14	-
Transportation Planning	-	-	-	-	-	-	-	-	-	3
Land Use and Transportation Planning	8	7	9	9	7	6	6	6	8	-
Data management and Operations	-	-	-	-	1	2	4	4	7	1
ARJIS	-	-	-	-	-	-	-	-	-	2
TransNet Department	-	-	-	-	1	2	2	2	2	-
Mobility Management and Project Implementation	6	6	4	4	6	5	4	5	4	-
Total Limited Term FTE Employees	23	27	34	34	51	53	55	55	67	9
Toll Operations Personnel (TOP) FTE Employees:										
Operations	-	52	51	51	47	50	50	50	65	63
Finance	-	-	-	-	4	4	4	4	4	4
Total Toll Operations Personnel (TOP) FTE Employees	-	52	51	51	51	54	54	54	69	67
Temporary, Interns, Part-time, or Seasonal (TIPS) Employees: ³										
Administration/Organization Effectiveness	-	4	3	4	4	4	4	4	1	2
Contracts and Grants	-	-	-	-	-	-	-	-	-	2
Communications	-	-	-	-	-	4	5	5	5	8
Finance	-	-	-	-	1	4	1	1	-	-
Executive	4	3	4	4	4	4	2	5	2	1
Office of the Independent Auditor	-	-	-	-	-	-	-	-	-	2
Technical Services	11	9	9	9	15	15	6	9	17	4
Land Use and Transportation Planning	13	8	14	16	18	18	16	16	11	10
Data management and Operations	-	-	-	1	5	5	5	6	1	17
TransNet Department	-	-	-	-	2	2	2	2	1	2
Mobility Management and Project Implementation	9	13	13	13	5	4	4	4	2	8
Total TIPS Employees	37	37	43	47	54	60	45	52	40	56
Total Employees	257	315	340	347	375	389	376	383	401	452

¹ Regular positions make up the core Board of Director authorized positions. Most regular positions are full-time.

² Limited Term positions are considered part of the contingent workforce, hired to fill a short-term need for additional staff. Most Limited Term positions are full-time positions authorized for a term of one year.

³ TIPS positions are determined by the number of authorized positions on the active payroll as of June 30 each year. TIPS employees are part of the contingent workforce, the majority of which are interns working on a part-time basis. Note: The number of government employees is more appropriately represented by functional department than the functional levels used in the government-wide statement of activities due to the cross functional nature of SANDAG's employees and activities. Individual employees generally work on several functions.

Note: Operating indicators of demand or level of service by functions used in the government-wide statement of activities are not available due to the nature of functional services provided by SANDAG, a special-purpose government.

Note: Contracts and grants were included in Administration, ARJIS was included in Technical services in the prior years; Office of the Independent Auditor was formed in FY 20. All other variances comparing to the prior years are due to the agency reorganization.

San Diego Association of Governments
Capital Asset Statistics by Program
Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Functions/Programs					
Transit capital funding - construction-in-progress (CIP)					
Major improvements - light rail transit	\$ 18,549,163	\$ -	\$ -	\$ 24,186	\$ 123,725
Major improvements - bus	3,053,173	6,596,210	19,889,933	21,723,804	20,830,535
Operations capital - light rail transit	6,524,570	1,933,123	3,299,086	2,644,422	152,432
Major corridor projects	346,482,102	381,020,889	434,535,412	581,750,439	561,353,084
Operations capital - SANDAG	33,718,421	727,253	829,468	1,337,743	2,197,159
Major improvements - SANDAG	1,956,243	38,603,773	42,658,106	12,865,882	22,183,660
Goods movement projects	10,874,326	17,314,284	25,124,387	24,601,264	49,090,652
Total transit capital funding - CIP	421,157,998	446,195,532	526,336,392	644,947,739	655,931,247
Capital assets					
Transit capital contributions - land	5,241,439	5,241,439	5,241,439	5,241,439	5,241,439
General government	207,301	169,239	237,256	258,070	370,868
Modeling and research	-	55,068	35,048	28,025	13,941
Smart mobility programs and services activities	8,272,769	369,093	388,378	334,719	276,997
Major Corridor Capital Projects				5,147,169	4,044,204
Transit System Improvements				315,811	404,675
Total capital assets	\$ 434,879,507	\$ 452,030,371	\$ 532,238,513	\$ 656,272,972	\$ 666,283,371

	Fiscal Year				
	2016	2017	2018	2019	2020
Functions/Programs					
Transit capital funding - construction-in-progress (CIP)					
Major improvements - light rail transit	\$ -	\$ 104,122	\$ -	\$ -	\$ -
Major improvements - bus	56,947,198	22,735,116	7,192,862	7,250,021	7,351,979
Operations capital - light rail transit	35,550	66,836	138,150	809,811	953,907
Major corridor projects	799,180,616	1,083,592,246	1,345,361,329	1,694,333,308	1,942,710,104
Operations capital - SANDAG	2,358,602	2,720,640	1,791,005	3,089,932	381,542
Major improvements - SANDAG	34,710,936	47,212,160	63,249,252	81,831,954	113,397,348
Goods movement projects	5,861,783	6,095,318	7,198,362	7,504,196	7,504,587
Total transit capital funding - CIP	899,094,685	1,162,526,438	1,424,930,960	1,794,819,221	2,072,299,465
Capital assets					
Transit capital contributions - land	5,241,439	7,979,613	6,829,613	19,609,643	19,609,643
Transit capital contributions - easements	-	-	15,950,412	15,950,412	17,004,331
Transit capital contributions - building	-	4,837,918	4,740,510	-	-
General government	342,908	273,354	335,902	3,235,567	3,802,166
Modeling and research	4,608	275	-	-	-
Smart mobility programs and services activities	384,921	509,006	178,204	2,038,480	970,597
Major Corridor Capital Projects	2,941,239	1,838,274	3,656,758	4,858,672	4,725,635
Transit System Improvements	253,147	120,196	80,131	40,066	-
Total capital assets	\$ 908,262,947	\$ 1,178,085,074	\$ 1,456,702,490	\$ 1,840,552,061	\$ 2,118,411,838

Source: Finance Department

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