



April 1, 2024

SANDAG  
401 B Street  
Suite 800  
San Diego, CA, 92101

SANDAG has received a qualified opinion on the toll revenue, accounts receivable and unearned revenue. As noted in the auditor's report, due to the implementation of a new back-office system, there were difficulties in reconciling certain accounting records to the underlying customer accounts for the fiscal year ended June 30, 2023. In addition, SANDAG's Independent Performance Auditor released the results of an investigation into the SR 125 tolling system on March 25, 2024. The investigation found that the SR 125 back-office system produced unreliable financial reporting and the SANDAG Finance department lacks adequate internal controls to ensure SR 125 financial information is accurately recorded and reported.

SANDAG's has signed a new agreement with Deloitte to implement a new back-office system . Once implemented SANDAG believes that will resolve the difficulties in the SR 125 financial reporting.

Based on the SR 125 financial statements for fiscal year 2023, SANDAG's rate covenant calculation is: 2.00x. Although the SANDAG auditor has provided a qualified opinion with respect to its fiscal year 2023 financial statements, based on the information that SANDAG has today, SANDAG does not believe that any revenue discrepancies resulting from the unreliability of the financial reporting systems of SR 125 would cause SANDAG to breach its rate covenant in the SR 125 indenture due to the SR125 traffic volumes in fiscal year 2023 and the SR 125-related cash balances.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

# 2023

For the Fiscal Year Ended June 30, 2023  
San Diego, California



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# **San Diego Association of Governments**

San Diego, California

***Annual Comprehensive Financial Report***

***For the year ended June 30, 2023***

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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March 28, 2024

File Number 8000180

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, 2023. 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.

Davis Farr LLP has issued a modified opinion on the SANDAG's financial statements for the fiscal year ended June 30, 2023.

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. The 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.

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 Regional Economic Profile**

With its midcentury roots as a sleepy Navy town and a leading West Coast leisure destination, San Diego now boasts one of the world's most diversified and dynamic economies. It ranks No. 4 among California counties in terms of gross domestic product (GDP) and population, which spans 18 cities and unincorporated areas of San Diego County.

The region is renowned for its breakthrough technology companies, a highly skilled workforce and intellectual capital fostered by top-tier universities and distinguished research institutions,



and its extensive startup ecosystem championing life-changing, next-generation innovation. It is also part of the much larger CaliBaja binational megaregion (including Imperial County and the Mexican state of Baja California) which is home to the largest integrated economic zone along the U.S.-Mexico border.

The San Diego regional economy has been resilient amid a downturn yet nimble enough to evolve. A key contributor is its diversified economy. It has three major sectors: Military (Government and government enterprises), Innovation (mostly Professional, scientific, and technical services and selected Manufacturing subsectors), and Tourism (Accommodation and food services; and Arts, entertainment, and recreation). The region has an additional beneficial dimension of no one sector accounting for more than 16% of the region's 1.6 million workers.

San Diego's economy is rooted in its diverse population of 3.3 million people, deep talent pool, and entrepreneurial spirit. Its population is highly diverse in terms of race/ethnicity (42% White, 35% Hispanic, 12% Asian, 4% Black). Compared with the rest of the nation, San Diegans are younger and more educated. The median age is 37.3 years (39.0 U.S.), and 43.0% of San Diegans who are ages 25 and older hold at least a bachelor's degree (35.7% U.S.). The talent and composition of San Diego's economy translates to a higher per-capita personal income of \$72,637 in the region compared to \$64,143 for the nation.

### Key Economic Sectors

Four sectors have consistently accounted for 55% of the region's GDP since 2001:

- Government and government enterprises
- Real Estate and rental and leasing
- Professional, scientific, and technical services
- Manufacturing

Table 1 shows each sector's contribution to the \$268.0 billion economy in 2021, which is the latest data available in fiscal year 2023. The following economic sector data reflects the most recent information for fiscal year 2023.

Table 1: 2021 GDP by Sector		
	Billions	Share
<b>All industry total</b>	<b>\$ 268.0</b>	
Government and government enterprises	\$ 49.7	19%
Real estate and rental and leasing	\$ 36.3	14%
Professional, scientific, and technical services	\$ 33.5	12%
Manufacturing	\$ 28.6	11%
Healthcare and social assistance	\$ 17.0	6%
Retail trade	\$ 13.9	5%
Information	\$ 13.6	5%
Wholesale trade	\$ 13.3	5%
Finance and insurance	\$ 12.8	5%
Construction	\$ 10.9	4%
Administrative and support and waste management and remediation services	\$ 9.4	4%
Accommodation and food services	\$ 9.3	3%
Other services (except government and government enterprises)	\$ 4.7	2%
Management of companies and enterprises	\$ 4.3	2%
Transportation and warehousing	\$ 3.0	1%
Educational services	\$ 2.4	1%
Arts, entertainment, and recreation	\$ 2.2	1%
Utilities	\$ 2.1	1%
Agriculture, forestry, fishing and hunting	\$ 0.9	0%
Mining, quarrying, and oil and gas extraction	\$ 0.1	0%

Source: Bureau of Economic Analysis, CAGDP2, San Diego MSA, 2021, in current dollars

Government and government enterprises (including Military): This includes spending and investment by the military as well as federal, state, and local government agencies based here. San Diego is home to the nation's largest concentration of military—110,000 active-duty personnel (2022)—across nearly a dozen installations, notably, Camp Pendleton and the Marine Corps Recruit Depot. San Diego has the Navy's most strategic port, with 24% of all Navy vessels, including the majority of the Pacific

Fleet. San Diego also has the nation's largest concentration of Marine Corps operational and support commands. The military component within the Government sector has been not only sizeable, recession-resistant, and stabilizing but also integral in related sectors, especially Manufacturing and Healthcare and social assistance. Capitalizing on San Diego's highly skilled labor force and high-tech firms in aerospace, shipbuilding and telecommunications, the military sector supports 1 in 5 San Diego jobs (direct and indirect). In Fiscal Year (FY) 2022, spent \$19.3 billion in government defense contracts across more than 1,700 companies in the region.

Real estate and rental and leasing: San Diego has a reputation as a desirable place to live and work, given its year-round warmth and sunshine, its location along 70 miles of gorgeous Pacific Ocean coastline, its rich culture, and its laid-back vibe. The purchasing, leasing, rental, appraisal, and management of residential and commercial properties, equipment and vehicles generate the bulk of real estate's almost \$36 billion contribution or 14% GDP. In addition to tangible assets, this sector includes activities related to the application and ownership of patents and trademarks.

Professional, scientific, and technical services (included in Innovation): This economic sector is a key driver of the San Diego economy. It accounted for about 9% of the economy from 2003 to 2007, jumped to 11% from 2008 to 2018, and ticked up to 12% from 2019 to 2022. Much of this sector's growth lies in the elevated global profile of San Diego as a premier innovation hub. Blue-chip firms Qualcomm, Illumina, Viasat, Dexcom, General Atomics, and Cubic Corp., are headquartered here. Apple, Amazon, BD, Eli Lilly, Northrop Grumman, and Thermo Fisher Scientific have expanded their footprints here in recent years. Key areas of innovation include aerospace and defense; biotechnology and life sciences (genomics, medical devices, and pharmaceuticals), cybersecurity; computing and software; and environmental technologies (bluetech and cleantech).

San Diego, as a leading innovation hub, boasting several top 10 rankings in 2022. It ranked eighth globally as a top science and technology cluster (from a per capita basis). Nationally, San Diego ranked No. 3 as a life sciences cluster, and No. 5 for venture capital funding. The San Diego startup ecosystem of more than 90 incubators, accelerators, and co-working spaces furthers the region's reputation. It is also important to note that several Innovation companies have divisions that contribute to multiple economic sectors. Qualcomm and Viasat, for example, are also major contributors to the Manufacturing and Information (telecommunications).

In terms of employment, 249,000 Innovation jobs, which are mostly but not limited to this Professional, scientific, and technical services sector, have increased 78% from 1990 to 2022, outpacing the region's 37% overall employment growth during those years. Innovation jobs represented 15% of all jobs in 2022, up from 12% in 2021. A key factor in trending Innovation jobs is the region's higher education system that cultivates the talent pipeline to support the knowledge-based economy, innovation firms, and 92 distinguished research institutes. In 2021, more than 320,000 students were enrolled in San Diego's 49 degree-granting (associate degree and higher) colleges and universities, with University of California at San Diego (UC San Diego), San Diego State University, Cal State University at San Marcos, and the University of

San Diego leading the way in the science, technology, engineering, and mathematics (STEM) degrees conferred. The region's most established innovation cluster thrives in UTC, University City, and Sorrento Mesa—all surrounding the La Jolla campus of UC San Diego. In 2022, UC San Diego ranked as the nation's No. 2 public research university (No. 3 overall) and attracted a record \$1.7 billion in research funding. Ranked as the nation's No. 1 university in biological sciences and bioengineering, UC San Diego has more than 100 on-campus research centers. It has launched more than 1,000 startups that employ nearly 100,500 Californians. Moreover, UC San Diego-created technologies are used at more than 1,000 local companies, generating an estimated \$32.4 billion in annual sales.

Manufacturing (included in Innovation and Military): Shipbuilding in San Diego, specifically along the Barrio Logan bayfront, has a substantial regional economic impact, led by top defense contractors General Dynamics-NASSCO, which has the largest full-service shipyard on the West Coast; BAE Systems; HII and Pacific Ship Repair & Fabrication. Other prominent manufacturing clusters exist for beer, with San Diego having the nation's largest number of operating craft breweries at more than 150 —and for sports and active lifestyles, with golf equipment giants Callaway and TaylorMade and top surf/action sports lifestyle brands Reef, Rusty Surfboards, and Nixon headquartered here. For GDP purposes, the production-related spending and investment of vertically integrated Military and Innovation firms (R&D through production and commercialization) are also included in this sector. For example, manufacturing activities of companies in subsectors such as aerospace and defense, biotechnology/medical devices, pharmaceuticals/therapeutics, and telecommunications contribute economically to Manufacturing even though they also operate in the Military and Innovation spaces.

Accommodation and Food Service (included in Tourism): This sector is often pooled with Arts, entertainment, and recreation to represent the Tourism industry. Collectively, tourism directly accounts for 4% of GDP annually and is an important source of employment. To understand the importance to the San Diego economy, it consistently ranked as a top 10 U.S. destination for business and leisure, San Diego offers sun-soaked beaches and surf town culture, proximity to Mexico, Comic-Con and 70-plus annual events at the San Diego Convention Center, nearly 100 golf courses, 598 art institutions, two cultural districts (Barrio Logan, Balboa Park) and major attractions such as LEGOLAND California, SeaWorld, and the world-famous San Diego Zoo and Safari Park. In 2019, San Diego attracted 35.1 million visitors who directly spent \$11.6 billion, supporting an estimated 194,000 Tourism industry jobs and \$19.8 billion in total economic impact. In 2022, the industry, which continues to recover from the COVID-impacted 2020 and 2021, directly employed 193,000 to host 28.8 million visitors who spent \$13.6 billion in San Diego.

**U.S.-Mexico Economic Activity**

Spanning 27,000 square miles and encompassing San Diego and Imperial Counties and six municipalities (Ensenada, Mexicali, Rosarito, San Quintin, Tecate, and Tijuana) in the Mexican state of Baja California, the megaregion is a gateway for an estimated \$70 billion in cross-border trade. It is already home to the San Ysidro port of entry, the busiest land border crossing in the western hemisphere. Cross-border economic activities that leverage a strong U.S.-Mexico trade relationship, San Diego’s innovation sector, and Mexico’s advanced manufacturing capabilities are expected increase with the opening of the Otay Mesa East port of entry slated for 2024.

**Outlook**

Showing resilience since the disruptions caused by the pandemic, the San Diego region had 1.6 million workers in 2022. The unemployment rate of 4.0% in June 2023 remains low, even as the labor force expands. Tourism shows some lingering effects resulting from fewer business and international travelers since 2020 lockdowns, but recovery is trending positive. Military and Innovation sectors have remained strong throughout, both stabilizing and driving the San Diego regional economy that is forecasted to keep growing (Figure 1).

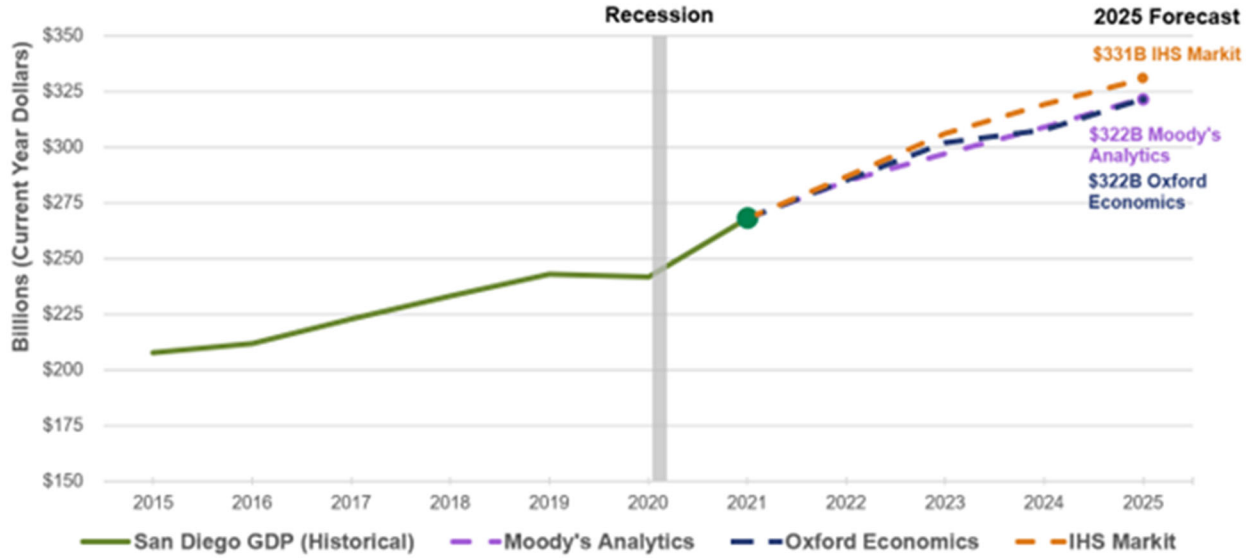


Figure 1: San Diego Regional GDP Trend and Forecast

## **TransNet Plan of Finance Update**

The SANDAG Board of Directors adopted its FY 2023 Program Budget in May 2022. The FY 2023 Program Budget reflects focused investment in regionally significant priority projects, including implementation of the 2021 Regional Plan. The 2021 Regional Plan is built from a bold new vision, which completely rethinks how people get around so that mobility is faster, fairer, and cleaner. The TransNet Extension Ordinance requires consistency with the regional plan and given the adoption of the new plan in December 2021, Ordinance amendments are being considered to reflect consistency with the regional plan. The 2022-2023 Plan of Finance is being developed to reflect new assumptions included in the regional plan and Ordinance.

## **Financial Highlights**

TransNet sales tax revenues increased 5.87% from \$405,921,139 in FY 2022 to \$429,735,181 in FY 2023. The increase was primarily attributed continued consumer spending amid elevated inflation, and Tourism sector recovery credited to post-COVID travel demand. In FY 2023, spending per visitor increased 20% over the previous year.

The San Diego labor market remains strong, with employers eager to hire and retain quality workers with higher wages, cost-of-living adjustments, and raises. The region continues to benefit from its diversified economy, getting steady contributions from military/government and innovation sectors and a resurgent tourism sector. Inflation, which reached 8.3% in May 2022, has receded to 4.3% in July 2023 while the Fed's rate hikes to cool the economy have raised the cost of borrowing (e.g., rates for credit cards, personal loans, car loans, and mortgages). SANDAG continues to monitor how the effects of inflation, borrowing rates, and other economic headwinds affect consumers because of the combination of falling inflation and reduced spending – two forces that will likely impact our revenue. Entering FY 2024, however, the two-year impact of high inflation and rising cost of living may create a drag on the growth of consumer spending and associated sales tax revenue. Close monitoring is needed to see if these two dynamics lead to declining consumer spending, mounting household debt and further economic uncertainty.

This past year alone, the Commission funded approximately \$10.2 million in bicycle facilities, \$124.9 million in public transit projects and operations, including operations of new transit services, and \$82.2 million in local street and road improvements. In addition, the Commission funded projects of approximately \$72.3 million in Major Corridor Capital Projects and approximately \$10.5 million of the Environmental Mitigation Program. In total, \$300.2 million in public transportation and other infrastructure improvements were funded this past year.

## **Major Budget Initiatives**

The Regional Plan, which is updated every four years, is the guiding document for much of SANDAG's work. The priority projects and key initiatives listed below are major activities taking place in FY 2024 to advance implementation of the Regional Plan in partnership with the community and stakeholder agencies.

### ***Implement the 2021 Regional Plan /Develop the 2025 Regional Plan***

The 2021 Regional Plan was adopted by the Board, and it is the result of years of planning, data analysis, and community engagement to reimagine the San Diego region with a transformative transportation system that addresses traffic congestion, social equity, and state and federal mandates. Updates to the Regional Plan use a data-driven planning process that continues to build on the 5 Big Moves and feedback we have received from the Board and public. The 2025 update will be guided by input from our diverse communities, agency partners, Board, Policy Advisory Committees, and working groups. Recommendations provided by the California Air Resources Board (CARB) in their "Evaluation of the San Diego Association of Governments' SB 375 2021 Sustainable Communities Strategy" will also provide critical input. As the 2025 update takes shape, we will conduct a robust engagement process that brings along all stakeholders at every stage. An update of our Public Involvement Plan (PIP) and input from our Social Equity Working Group and community-based partners will help guide these efforts.

### ***Del Mar Bluffs Stabilization and Los Angeles – San Diego – San Luis Obispo Rail Corridor***

As an integral part of the San Diego region, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor is the second busiest intercity rail corridor in the nation and the only viable rail freight link to the rest of the country, moving more than 7.6 million passengers and \$1 billion in goods and services annually. This corridor is also part of the Strategic Rail Corridor Network, identified by the U.S. Department of Defense for its importance in providing access to the Marine Corps Base Camp Pendleton and the Port of San Diego. SANDAG continues to move forward with double tracking the corridor and stabilizing the Del Mar Bluffs while long-term plans to relocate the tracks are implemented.

### ***Central Mobility Hub***

The 2021 Regional Plan includes a connected network of "right-sized" Mobility Hubs near major residential, job, and activity centers. The Central Mobility Hub project will bring together all modes of transit (bus, Trolley, Rapid, COASTER, and Amtrak) and provide fast and convenient connections to San Diego International Airport. As one of the region's primary transit centers, it will improve regional mobility while increasing transit ridership, reducing traffic, and advancing climate action goals. It will also boost economic development by supporting new opportunities for housing and revitalized public space. This project achieves several long-standing objectives and helps the San Diego region live up to its potential.

### ***Otay Mesa East Port of Entry***

Mexico is California's number one trading partner, fueling commerce and economic opportunity throughout the San Diego-Baja California binational region. The Otay Mesa East Port of Entry will create a modern border crossing that will strengthen border security and safety, bolster the binational economy, enhance mobility and efficiency, and foster innovative technology solutions, all while improving regional air quality.

### ***Smart Connections***

Smart Connections are all about using data and technology to provide choices for people trying to get to the places that matter most. Whether driving, riding, rolling, or walking, the goal is to reduce gridlock and keep our region running smoothly and safely for decades to come. Smart Connections make the smartest use of taxpayer money by getting the most out of the infrastructure we already have in place. The ways we do that might include customizing lane usage based on traffic, providing right-sized, on-demand ride services, and creating more access to transit options.

### ***Blue Line Expansion***

The Blue Line Trolley was the first in the system. In 2021, we added 11 more miles to the line, extending it from San Ysidro through downtown San Diego all the way to UTC. We continue to hear from the community about how the Blue Line can better serve this region's residents. Possible improvements include taking the Trolley across the border, working with private partners to provide first- and last-mile connections, building a San Ysidro Mobility Hub, and providing a safer, more comfortable, and convenient ride with added express options. While we work on these long-term improvements, more bus routes and services can meet the needs now.

### ***Purple Line Study***

The Purple Line is a new, high-speed transit line designed to connect the most populated areas of our region with major job centers. This high-capacity train will carry people from San Ysidro to Sorrento Mesa via National City, City Heights, and Kearny Mesa. Near-term, relief may come in the form of rapid buses and other corridor improvements. Long-term, this transit line will transform the San Diego region by connecting Mobility Hubs and biking/ walking paths to provide a fast and useful transit option to tens of thousands of residents.

### **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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fifteenth 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 annual comprehensive 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 annual comprehensive 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 with the cooperation of SANDAG management, financial staff, and SANDAG independent auditors, Davis Farr LLP. We express our appreciation to the staff members and the auditors who contributed to the preparation of this report.

Respectfully submitted,



**ANDRÉ DOUZDJIAN**  
Chief Financial Officer



**RAY MAJOR**  
Chief Analytics Officer/Chief Economist



# **SANDAG** 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) Hon. Richard Bailey, Mayor

### **City of Del Mar**

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(A) Hon. Tracy Martinez, Mayor  
(A) Hon. Dave Druker, Councilmember

### **City of El Cajon**

Hon. Bill Wells, Mayor  
(A) Hon. Steve Goble, Deputy Mayor

### **City of Encinitas**

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(A) Hon. Kellie Hinze, Councilmember  
(A) Hon. Joy Lyndes, Deputy Mayor

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(A) Hon. Michael Morasco, Councilmember  
(A) Hon. Joe Garcia, Councilmember

### **City of Imperial Beach**

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(A) Hon. Mitch McKay, Councilmember  
(A) Hon. Matthew Leyba-Gonzalez, Mayor Pro Tem

### **City of La Mesa**

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(A) Hon. Mark Arapostathis, Mayor  
(A) Hon. Patricia Dillard, Councilmember

### **City of Lemon Grove**

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(A) Hon. Jennifer Mendoza, Councilmember  
(A) Hon. George Gastil, Councilmember

### **City of National City**

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(A) Hon. Jose Rodriguez, Councilmember  
(A) Hon. Ditas Yamane, Councilmember

### **City of Oceanside**

Hon. Ryan Keim, Councilmember  
(A) Hon. Peter Weiss, Councilmember

### **City of Poway**

Hon. Steve Vaus, Mayor  
(A) Hon. Caylin Frank, Councilmember  
(A) Hon. Brian Pepin, Councilmember

### **City of San Diego**

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(A) Hon. Raul Campillo, Councilmember  
(A) Hon. Mami von Wilpert, Councilmember

Hon. Sean Elo-Rivera, Council President  
(A) Hon. Vivian Moreno, Councilmember  
(A) Hon. Joe LaCava, Councilmember

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(A) Hon. Ed Musgrove, Councilmember  
(A) Hon. Sharon Jenkins, Mayor Pro Tem

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(A) Hon. Laura Koval, Vice Mayor  
(A) Hon. Ronn Hall, Councilmember

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(A) Hon. David A. Zito, Deputy Mayor  
(A) Hon. Jewel Edson, Councilmember

### **City of Vista**

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(A) Hon. Dan O'Donnell, Councilmember  
(A) Hon. John Franklin, Mayor

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(A) Hon. Terra Lawson-Remer, Supervisor

Hon. Joel Anderson, Supervisor

(A) Hon. Terra Lawson-Remer, Supervisor

## **Advisory Members**

### **Imperial County**

Jesus Eduardo Escobar, Supervisor

(A) Vacant

### **California Department of Transportation**

Tony Tavares, Executive Director  
(A) Gustavo Dallarda, Director, District 11  
(A) Ann Fox, Deputy Director, District 11

### **Metropolitan Transit System**

Hon. Matthew Leyba-Gonzalez  
(A) Hon. Carolina Chavez

### **North County Transit District**

Hon. Jewel Edson  
(A) Hon. Priya Bhat-Patel  
(A) Hon. Sharon Jenkins

### **U.S. Department of Defense**

Dennis Keck, Executive Director, Navy Region Southwest  
(A) Anna Shepherd, Navy Region Southwest

### **Port of San Diego**

Hon. Joe Stuyvesant, President/Chief Executive Officer  
(A) Vacant

### **San Diego County Water Authority**

Mel Katz, Representative  
(A) Nick Serrano, Alternate  
(A) Consuelo Martinez, Alternate

### **San Diego County Regional Airport Authority**

Gil Cabrera, Chair  
(A) James Sly, Board member

### **Southern California Tribal Chairmen's Association**

Hon. Cody Martinez, Chairman, Sycuan Band of the Kumeyaay Nation  
Hon. Erica Pinto, Chairwoman, Jamul Indian Village of California

### **Mexico**

Hon. Carlos González Gutiérrez, Cónsul General of Mexico  
(A) Hon. Gilberto Luna, Deputy Cónsul General of Mexico  
(A) Hon. Natalia Figueroa, Vice Cónsul General of Mexico

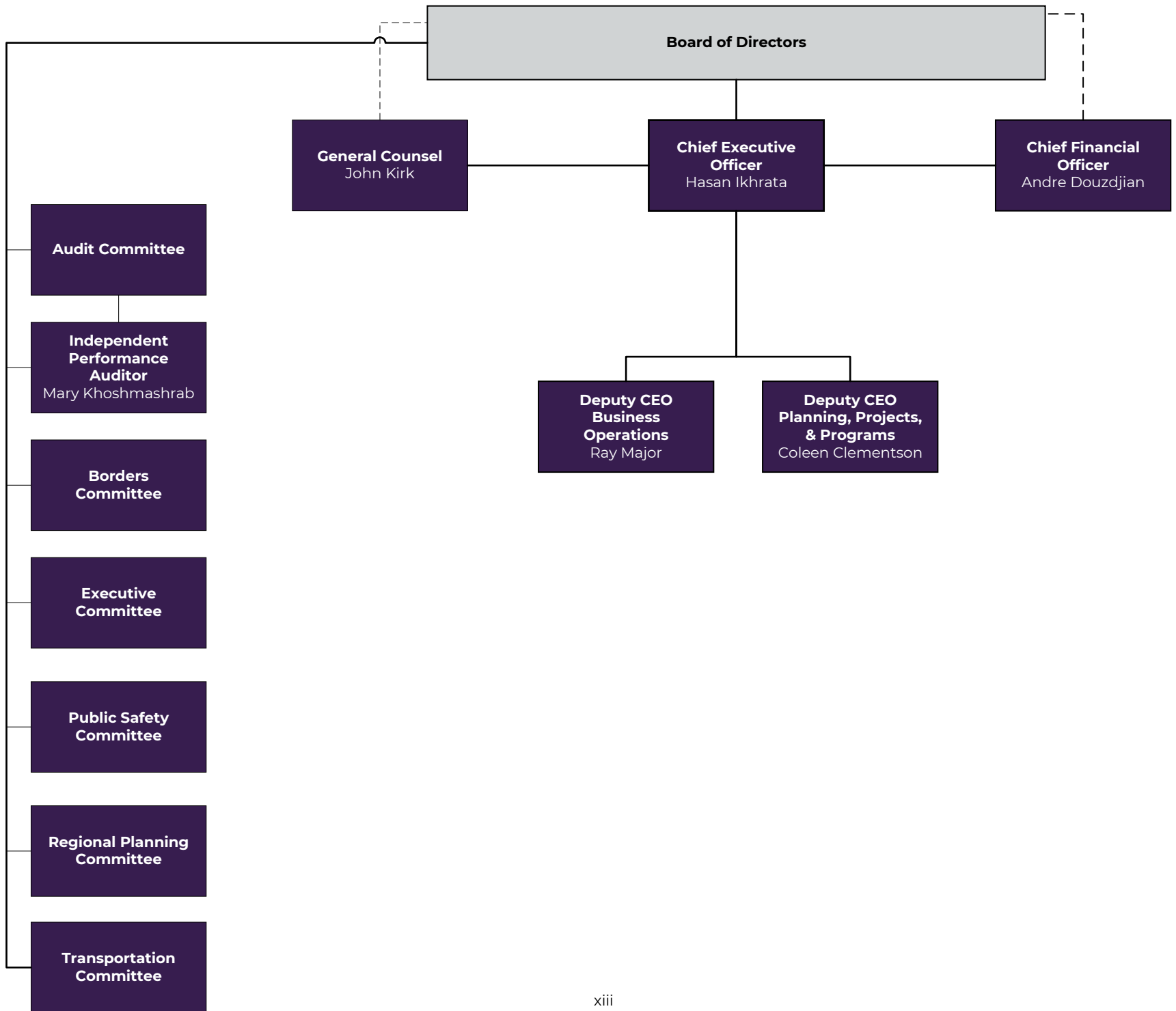
(A) = Alternate

# SAN DIEGO ASSOCIATION OF GOVERNMENTS

## Executive Staff

June 30, 2023

Chief Executive Officer	Hasan Ikhmeta
Deputy CEO Business Operations	Ray Major
Deputy CEO Planning, Projects, and Programs	Coleen Clementson
Chief Financial Officer	André Douzdjian
Chief of Staff	Victoria Stackwick
General Counsel	John Kirk
Senior Director, Data Science	Cindy Burke
Senior Director, Organization Effectiveness	Melissa Coffelt
Senior Director, Regional Planning	Antoinette Meier
Director of Accounting and Finance	Leeanne Wallace
Director of ARJIS	Anthony Ray
Director of Business Information & Technology Services	Bill Parris
Director of Diversity and Equity	Elaine Richardson
Director of Engineering and Construction	Sharon Humphreys
Director of Financial Planning, Budgets & Grants	Susan Huntington
Director of Innovative Finance	Dawn Vettese
Director of Public Affairs	Robyn Wapner
Director of Regional Transportation Services	Lucinda Broussard
Director of Strategic Projects	Ryan Kohut





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**San Diego Association of Governments  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

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# FINANCIAL SECTION

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of San Diego Association of Governments ("SANDAG"), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise SANDAG's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of SANDAG, as of June 30, 2023, 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.

#### ***Basis for Qualified Opinion***

SANDAG operates a Toll Road on State Route 125 (SR 125) and reports the activities in a major fund of in the accompanying financial statements. Due to the implementation of a new back-office system, there were difficulties in reconciling certain accounting records to the underlying customer accounts. Due to SANDAG's ongoing efforts to further evaluate these accounts, we were unable to obtain sufficient appropriate audit evidence supporting \$38,768,057 of SR 125 Toll Road revenue, \$4,395,752 of accounts receivable, and \$2,138,678 of unearned revenue reported in the fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SANDAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis of Matter***

As described further in note E.10 to the financial statements, during the year ended June 30, 2023, SANDAG implemented Governmental Accounting Standards Board (GASB) Statement No. 96. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

SANDAG's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SANDAG's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SANDAG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SANDAG's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### **Required Supplementary Information**

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 Schedules for the General Fund, the San Diego County Regional Transportation Commission Sales Tax Projects Fund, and the General Services Fund* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

### **Report on Summarized Comparative Information**

The financial statements of SANDAG for the year ended June 30, 2022 were audited by other auditors whose report dated January 31, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **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 *combining and individual financial statements and schedules and the schedule of revenues, expenditures, and changes in fund balances - budget and actual schedules* 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 the schedule of revenues, expenditures, and changes in fund balances - budget and actual schedules* are the responsibility of management and were derived from and relate 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 nonmajor fund statements and schedules and the schedule of revenues, expenditures, and changes in fund balances - budget and actual schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SANDAG's internal control over financial reporting and compliance.



Irvine, California  
March 28, 2024

## 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, 2023. 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 (\$1,151,270,025). Of this amount, net position (deficit) of (\$789,524,189) is considered unrestricted. A significant factor related to the net position balance is the issuance of \$2,829,015,000 in bonds issued in 2008, 2010, 2012, 2014, 2016, 2019, 2020, 2021, drew \$537,484,439 on the 2021 TIFIA loan to pay off 2021 short-term notes, 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 \$3,701,499,439 to expedite congestion relief projects focusing on jump-starting construction of the region's top priority transportation infrastructure projects.
- SANDAG total net position increased by \$122,571,081 in fiscal year 2023. This is primarily due to the decrease of transit capital contributions expenses by \$1,747,625,646 in fiscal year 2023, making SANDAG total expenses of \$674,347,413 less than total revenue of \$796,918,494 by \$122,571,081.
- As of the close of the current fiscal year, SANDAG governmental funds reported combined ending fund balances of \$791,062,861. Of this total amount, \$799,855,510 is restricted for pension benefits, environmental mitigation, debt service, freeway emergency service, and project spending; \$1,553,918 as non-spendable prepaid items; \$7,690,000 is committed for agency contingency reserve; and \$18,036,567 as an unassigned fund deficit.
- SANDAG total debt balance at the close of the current fiscal year decreased by \$226,995,673 compared to the prior year. This is primarily due to bond principal repayments and defeasances of \$199,230,000 and the \$3,860,000 principal repayment of commercial paper as well as debt premium amortization of \$24,058,112. 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 \$2,478,472,133. SANDAG had an outstanding debt balance of \$190,448,097, and State Route 125 toll road fund (SR 125 fund) had a total debt outstanding of \$197,113,933.

### 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*<sup>®</sup> 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 22-23 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, general services fund, Commission debt service fund, and SANDAG debt service fund established in FY20 to account for the grant anticipation notes, which are major funds. Data from the nonmajor fund, the SAFE program fund, is 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 38-40 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 42-108 of this report.

**Other information.** In addition to the basic financial statements, required supplementary information can be found on pages 110-119 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 122-126 of this report.

## San Diego Association of Governments' Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 910,901,458	\$ 856,706,343	\$ 32,490,247	\$ 29,856,518	\$ 943,391,705	\$ 886,562,861
Internal Balances	(6,613,962)	686,018	6,613,962	(686,018)	-	-
Derivative instruments	13,187	13,347,327	-	-	13,187	13,347,327
Restricted assets	82,772,188	108,173,558	96,676,132	90,276,797	179,448,320	198,450,355
Capital assets, net	498,515,063	616,582,140	294,983,920	309,264,557	793,498,983	925,846,697
<b>Total assets</b>	<b>1,485,587,934</b>	<b>1,595,495,386</b>	<b>430,764,261</b>	<b>428,711,854</b>	<b>1,916,352,195</b>	<b>2,024,207,240</b>
Deferred outflows of resources	34,028,885	61,920,144	3,480,802	2,506,652	37,509,687	64,426,796
Current liabilities	120,753,865	159,335,695	13,716,894	11,052,166	134,470,759	170,387,861
Restricted long-term debt	41,542,057	49,364,600	-	-	41,542,057	49,364,600
Long-term liabilities	2,711,825,033	2,904,614,574	204,931,827	210,840,888	2,916,756,860	3,115,455,462
<b>Total liabilities</b>	<b>2,874,120,955</b>	<b>3,113,314,869</b>	<b>218,648,721</b>	<b>221,893,054</b>	<b>3,092,769,676</b>	<b>3,335,207,923</b>
Deferred inflows of resources	8,720,479	22,582,931	3,641,752	4,684,288	12,362,231	27,267,219
<b>Net Position:</b>						
Net investment in capital assets	(624,422,542)	(859,629,114)	94,612,275	102,610,728	(529,810,267)	(757,018,386)
Restricted for:						
Debt service	40,712,266	58,327,569	19,143,371	18,888,149	59,855,637	77,215,718
Environmental mitigation	1,239,610	1,191,855	-	-	1,239,610	1,191,855
Freeway emergency service	9,185,400	7,742,670	-	-	9,185,400	7,742,670
Major maintenance post-acquisition	-	-	28,956,830	24,934,775	28,956,830	24,934,775
Project revenue	-	-	49,491,523	42,646,428	49,491,523	42,646,429
Toll road operations and improvements	-	-	15,975,984	13,286,506	15,975,984	13,286,506
iCommute program	-	-	613	9,116	613	9,116
Property management	-	-	3,358,834	1,812,357	3,358,834	1,812,357
Unrestricted (deficit)	(789,939,349)	(686,115,250)	415,160	453,104	(789,524,189)	(685,662,146)
<b>Total net position</b>	<b>\$ (1,363,224,615)</b>	<b>\$ (1,478,482,270)</b>	<b>\$ 211,954,590</b>	<b>\$ 204,641,164</b>	<b>\$ (1,151,270,025)</b>	<b>\$ (1,273,841,106)</b>

### 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,151,270,025 at the close of the most recent fiscal year.

In fiscal year 2023, \$376,568,346 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 (\$529,810,267) 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 \$168,064,431 is restricted for debt service, pension benefits, environmental mitigation projects, major maintenance, project revenue, toll road operations, customer prepaid, freeway emergency service, iCommute and property management. The remaining offsetting balance of net position is the unrestricted net deficit of \$789,524,189.

Factors contributing to the unrestricted net deficit of \$789,524,189 include debt activities of the Commission, SANDAG and SR 125 fund, the SANDAG net pension liability and net OPEB liabilities.

In fiscal year 2023, SR125 fund had a long-term debt of \$172,445,000 with a premium of \$24,668,933, which is offset by \$96,676,132 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 \$2,478,472,133 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 one-sixth of upcoming interest payments on all other bonds, and one-twelfth of upcoming principal payments.

Offsetting the outstanding Commission debt balance are \$57,286,787 of related balances of cash and investments used for future debt service payments; due from other governments for debt proceeds passed through to another government, net of principal retirement for a balance of \$78,176,137; and \$643,104,031 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:

- \$10,029,983 is a restricted deposit for the repayment of outstanding bonds and notes.
- \$19,100,000 is restricted investment payable for a portion of the outstanding commercial paper notes issued to buy the North County Transit District (NCTD) Certificates of Participation (COP) investment.
- \$236,382 is restricted deposit payable from NCTD for commercial paper interest payments related to the COPs.
- \$12,175,692 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 2023, the SANDAG net pension liability balance is \$72,195,494, which includes \$3,998,884 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	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 4,436,945	\$ 4,132,604	\$ 49,851,840	\$ 44,334,822	\$ 54,288,785	\$ 48,467,426
Operating grants and contributions	57,756,655	46,415,643	-	-	57,756,655	46,415,643
Capital grants and contributions	227,280,965	109,220,292	-	-	227,280,965	109,220,292
<b>General Revenues:</b>						
Local <i>TransNet</i> sales tax funds	426,513,882	412,180,194	-	-	426,513,882	412,180,194
Local Transportation Development Act funds	16,020,702	9,852,744	-	-	16,020,702	9,852,744
Investment earnings	27,290,453	(2,979,451)	2,571,380	243,994	29,861,833	(2,735,457)
Other revenues	84,808	13,057	2,263,412	(308,728)	2,348,220	(295,671)
Increase (decrease) upon hedge termination	(17,152,548)	-	-	-	(17,152,548)	-
<b>Total revenues</b>	<b>742,231,862</b>	<b>578,835,083</b>	<b>54,686,632</b>	<b>44,270,088</b>	<b>796,918,494</b>	<b>623,105,171</b>
<b>Expenses:</b>						
General government, net of cost recovery	1,954,108	2,520,966	-	-	1,954,108	2,520,966
Modeling and research	17,273,262	12,051,270	-	-	17,273,262	12,051,270
Criminal justice	1,835,692	1,369,975	-	-	1,835,692	1,369,975
Sustainable development	14,322,807	16,657,620	-	-	14,322,807	16,657,620
Sustainable mobility programs and services	35,745,838	27,144,028	-	-	35,745,838	27,144,028
Internal and external coordination	9,426,522	8,059,632	-	-	9,426,522	8,059,632
SAFE program	1,852,344	1,444,017	-	-	1,852,344	1,444,017
Bicycle facilities	193,024	114,233	-	-	193,024	114,233
Independent Taxpayer Oversight Committee	281,485	348,498	-	-	281,485	348,498
Major corridor capital projects	-	121,477	-	-	-	121,477
Major corridor environmental mitigation	98,779,363	(3,490,307)	-	-	98,779,363	(3,490,307)
Local project environmental mitigation	-	3,511,079	-	-	-	3,511,079
Local street improvements	82,049,041	60,941,516	-	-	82,049,041	60,941,516
Smart growth	3,230,834	2,390,262	-	-	3,230,834	2,390,262
New major corridor transit operations	36,156,214	37,870,548	-	-	36,156,214	37,870,548
Transit system improvement	73,027,729	57,137,720	-	-	73,027,729	57,137,720
Transit capital contributions	178,253,866	1,925,879,512	-	-	178,253,866	1,925,879,512
Interest on long-term debt	78,632,962	82,026,693	6,402,709	6,588,736	85,035,671	88,615,429
Service Bureau	-	-	71,837	114,797	71,837	114,797
SourcePoint	-	-	12,943	8,706	12,943	8,706
Interstate 15 <i>FasTrak</i>	-	-	5,440,782	5,897,211	5,440,782	5,897,211
State Route 125 toll road	-	-	29,404,051	26,653,900	29,404,051	26,653,900
<b>Total expenses</b>	<b>633,015,091</b>	<b>2,236,098,739</b>	<b>41,332,322</b>	<b>39,263,350</b>	<b>674,347,413</b>	<b>2,275,362,089</b>
Change in net position before transfers	109,216,771	(1,657,263,656)	13,354,310	5,006,738	122,571,081	(1,652,256,918)
Transfers in (out)	6,040,884	12,751,135	(6,040,884)	(12,751,135)	-	-
Change in net position	115,257,655	(1,644,512,521)	7,313,426	(7,744,397)	122,571,081	(1,652,256,918)
Net position, beginning of year	(1,478,482,270)	166,030,251	204,641,164	212,385,561	(1,273,841,106)	378,415,812
Net position, end of year	\$ (1,363,224,615)	\$ (1,478,482,270)	\$ 211,954,590	\$ 204,641,164	\$ (1,151,270,025)	\$ (1,273,841,106)

**Governmental activities.** Governmental activities increased the SANDAG net position by \$115,257,655, expenses were less than revenues by \$109,216,771 plus a transfer in of \$6,040,884.

Key elements of the revenue and expense differences between fiscal years 2023 and 2022 for governmental activities are as follows:

Total revenues increased by \$163,396,779, or 28.2 percent, over the prior year. Key factors for this net increase are as follows:

- The increase in capital grant and contributions of \$118,060,673, or 108.1 percent, is primarily the result of increased Federal Transit Administration (FTA) award funds received to reimburse costs for the Mid-Coast project which came in at \$174.3M in FY2023 compared to \$57.1M in FY2022.
- The increase in investment earnings of \$30,269,904 is primarily attributable to favorable market conditions related to the basis swap, which earned more than previous years due to raising interest rates.

Total expenses decreased by \$1,603,083,648, or 71.7 percent over the prior year. Key factors in this net decrease are as follows:

- Transit capital contributions decreased by \$1,747,625,646 or 90.7 percent. This decrease is due to the lower amount of capital project completion for contributions this fiscal year. During the year,



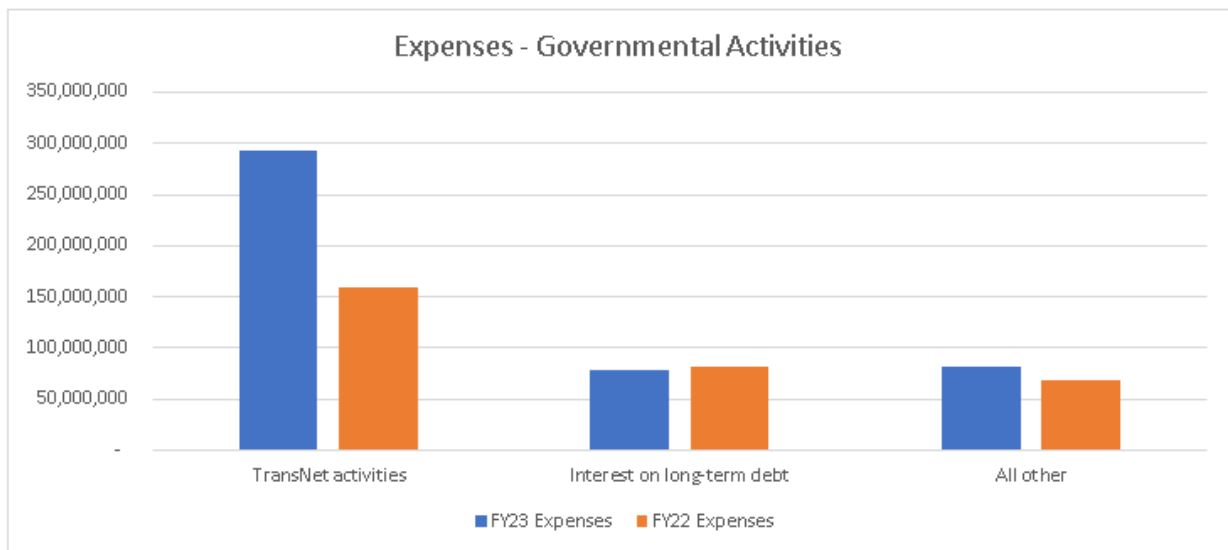
\$255,806,868 of completed CIP projects, as well as title to the assets, if applicable, was transferred to other government agencies responsible for public transportation operations compared to \$1,910,400,725 of CIP projects completed and transferred out in the prior fiscal year. Of completed projects, \$14,246,575 was transferred to Metropolitan Transit System, \$1,160,809 to NCTD, \$69,480,470 to Caltrans, \$5,255,218 to the City of San Diego, \$792,220 to the City of Santee, \$11,604,826 to the City of Encinitas, \$191,462 to the CA State Parks, \$59,661,737 to the County of San Diego, \$35,854,640 to the University of California San Diego, \$57,558,911 to the CA Department of Fish and Wildlife, and \$1,207,348 to SANDAG to reflect the government’s assumption of ownership and accountability for the ongoing operations and maintenance of the assets. These contributions (except those assumed by SANDAG) represent a reduction in capital assets and are not restricted to specific programs per the government-wide statement of activities.

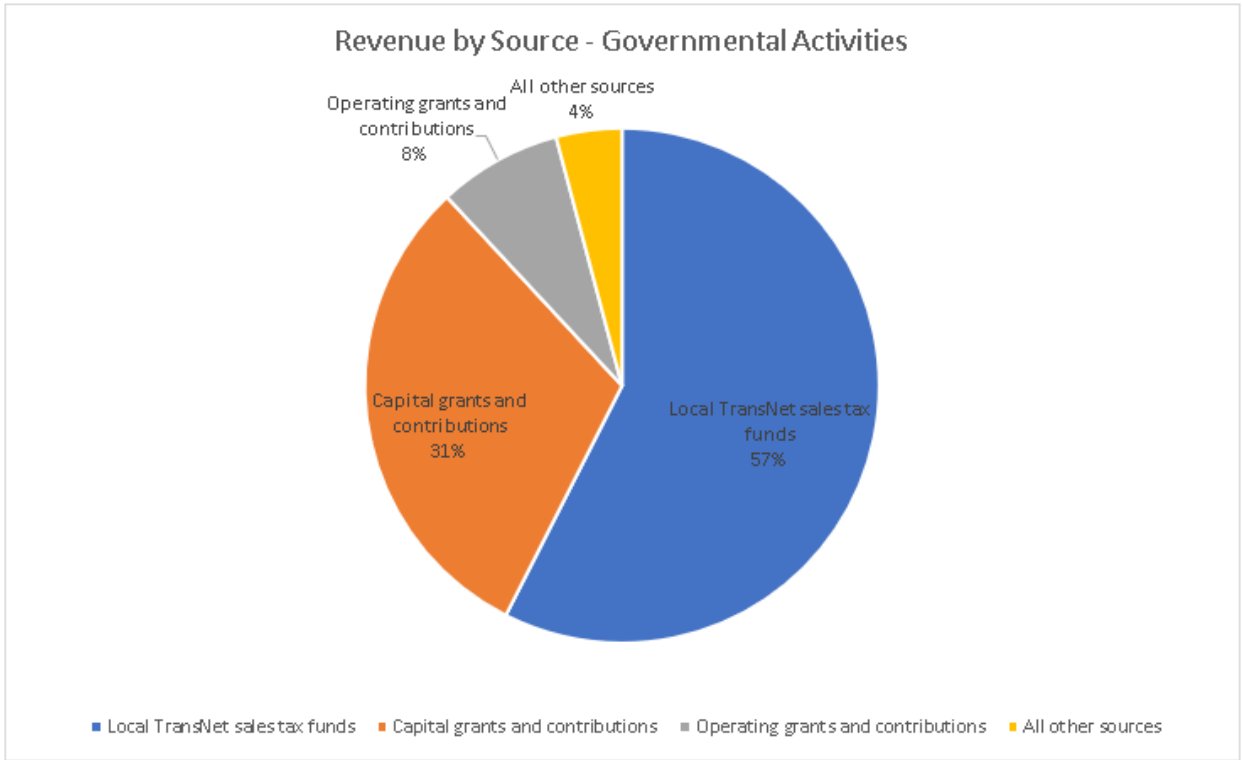
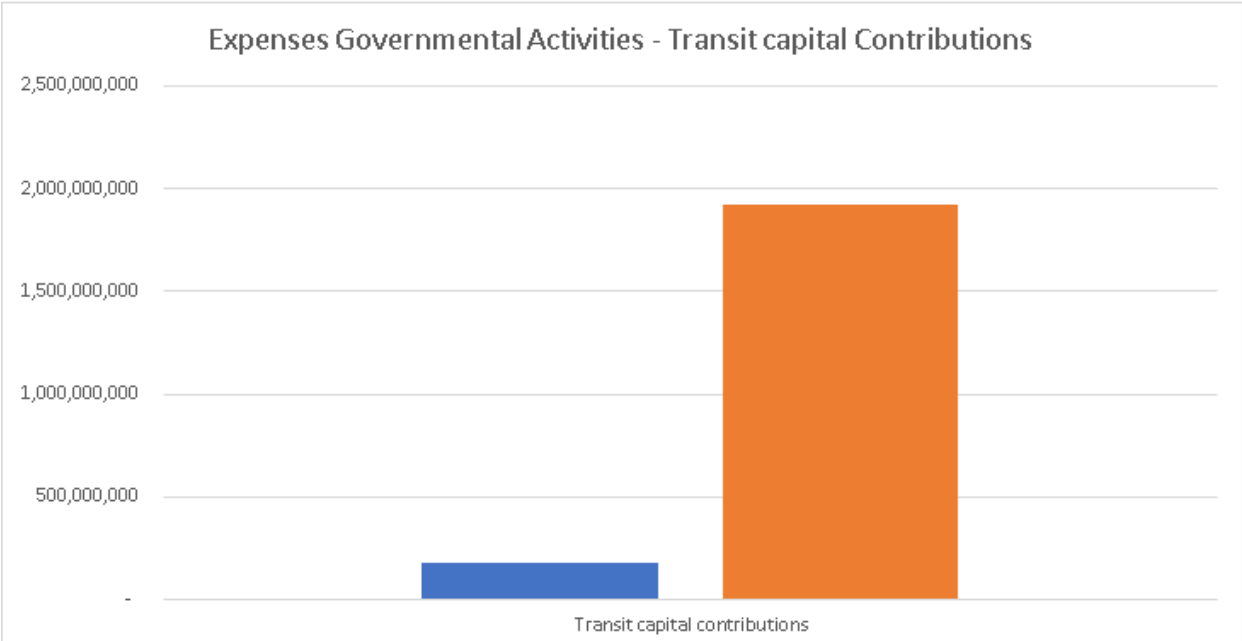
**Business-type activities.** Business-type activities increased the SANDAG net position by \$7,313,426, because of total revenue of \$54,686,632 exceeding total expenses of \$41,332,322 by \$13,354,310 offset by a net transfer out of \$6,040,884.

Key elements of the revenue and expense differences between fiscal year 2023 and fiscal year 2022 for business-type activities are as follows:

Total revenue for business-type activities increased \$10,416,544, or 23.5 percent, in fiscal year 2023. This revenue increase was primarily the result of increase in the utilization of the SR 125 toll road and I-15 high occupancy vehicle (HOV) toll lane by commuters.

Total expenses for business-type activities increased by \$2,068,972 in fiscal year 2023. This was primarily a result of an increase in operating expense for SR125 toll lane operations.





**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 \$791,062,861. Of this total amount, \$18,036,567 constitutes an unassigned fund deficit. The remainder of the fund balance is either nonspendable, restricted, or committed.

The general fund is the general operating fund of SANDAG. At the end of the current fiscal year, fund balance of the general fund was \$23,992,767, and of this amount, \$947,587 was nonspendable prepaid items, \$12,791,844 was restricted for pension related costs. The fund balance of the general fund during the current fiscal year increased by \$463,976. The key factor contributing to this increase is the local transportation development sales tax of \$10,381,776, offset by an under recovery of the indirect costs due to the salary expense lower than the budgeted amount. The under recovered indirect costs will be included as a carryforward adjustment in the indirect cost allocation program calculation for the fiscal year 2024. The TDA Program revenue received by the agency was slightly lower than the actual expenditures of the TDA-eligible projects funded by the TDA Program revenue in fiscal year 2023. 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 \$683,777,924, most of which was restricted. The fund balance of this fund during the current fiscal year increased by \$46,579,434. Key factors contributing to this increase are as follows:

- Total fund expenditures and transfers out to the general fund, general services fund, capital projects fund and debt service fund were \$192,667,634 and \$230,917,100, respectively, which was less than fund revenue by \$17,640,975 due to decreased capital project costs offset by net interfund transfers in of \$28,938,459 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 \$114,807,144, which is predominantly bond proceeds, are reduced by sales tax receipts transfers out of \$24,438,459 that are transferred to the debt service fund for payment of debt principal and interest.

The capital projects fund had a fund deficit of \$3,968,894. The fund balance of the capital projects fund increased by \$2,403,628 during the current fiscal year primarily due to revenue recognition timing between fiscal year 2023 and fiscal year 2022.

The Commission commercial paper and sales tax revenue bonds debt service fund (RTC debt service fund) had a fund balance of \$60,817,493, all of which was restricted. The fund balance of the debt service fund during the current fiscal year decreased by \$31,562,287, and key factors for this increase are as follows:

- Expenditures in the current year exceeded revenues by \$659,563,411 due to required debt payments on commercial paper and the 2008, 2010, 2012, 2014, 2016, 2019, 2020, 2021 bonds, 2021 short-term notes and 2022 revolving note that included principal and interest payments and other charges, offset with the federal subsidy revenue for the 2010 BABs net interest payment.

- Net interfund transfers of \$90,368,685 were primarily transfers to the special revenue fund for the use of debt proceeds toward expenditures of the major corridor and major corridor environmental mitigation programs and to meet required principal and interest payments on outstanding debt obligations.
- Drawing on the \$537,484,439 TIFIA Loan provided for the final principal payment on the 2021 short term note in FY 2023.

The SANDAG debt service fund had a fund balance of \$20,316,123. 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 \$3,068,526. The fund balance of the general services fund increased by \$2,862,121 during the current fiscal year primarily due to the revenue recognition timing between FY 2023 and FY 2022, as well as \$32.1 million transfer in mainly from the sales tax projects special revenue fund and General Fund.

The SAFE special revenue fund had a fund balance of \$9,195,974. The fund balance increased by \$1,447,531 in the current fiscal year due to revenue exceeding operating expenses by \$1,278,901 as well as a net transfer of \$168,630 to the general services 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 an increase between the original and final amended budget.

- Local TDA sales tax revenues were higher by \$212,957 than the SANDAG apportionment of FY 2023 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 higher than the budget by \$2,103,565. 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 2024.
- General government actual expenses were lower than budgeted amount by \$12,802,143. This is primarily related to salaries and benefits savings of \$8,502,703 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 \$4,299,440 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 \$8,438,627. 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, 2023, amounts to \$498,515,063 (net of accumulated depreciation).

### Capital Assets (Net of accumulated depreciation)

	Governmental activities	
	2023	2022
<b>Governmental activities:</b>		
Construction-in-progress	\$ 376,568,346	\$ 508,389,849
Easement	58,356,511	57,149,163
Office equipment	365,958	369,408
Computer equipment	234,997	408,369
Other equipment	478,710	685,654
Vehicles	2,150,210	3,485,004
Buses	-	1,173
Leasehold improvements	162,500	222,500
Land	51,898,234	36,263,570
Land Improvement	98,190	1,670
Right-to-use leased vehicles	4,622	32,357
Right-to-use leased buildings	1,829,685	5,020,171
Subscription right-to-use assets	714,143	-
Building	5,652,957	4,553,251
Governmental activities capital assets, net	<u>\$ 498,515,063</u>	<u>\$ 616,582,140</u>

Additional information on SANDAG capital assets can be found in Note II.D in the notes to the basic financial statements of this report. SANDAG adopted GASB 96 Subscription-based liabilities in the current fiscal year.

Major projects under construction as of June 30, 2023, 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 \$376.6 million and the overall cumulative fiscal year 2023 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 \$2,873,334,320, which is comprised of \$2,675,891,615 and \$197,442,705 for governmental activities and business-type activities respectively.

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Sales tax bonds	\$ 1,893,823,694	\$ 1,940,202,889	\$ -	\$ -	\$ 1,893,823,694	\$ 1,940,202,889
2021 short-term notes	-	543,416,989	-	-	-	543,416,989
Commercial paper	46,164,000	49,876,000	-	-	46,164,000	49,876,000
Grant anticipation notes	190,448,097	354,156,944	-	-	190,448,097	354,156,944
2022 Revolving Notes	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Compensated absences	4,347,560	4,012,467	293,396	278,759	4,640,956	4,291,226
TIFIA notes	537,484,439	-	-	-	537,484,439	-
Claims payable	-	-	-	1,518,416	-	1,518,416
Lease Payable	1,891,639	5,192,517	-	-	1,891,639	5,192,517
Subscription-based liabilities*	732,186	-	35,376	-	767,562	-
2017 Series A toll revenue bonds	-	-	197,113,933	204,377,014	197,113,933	204,377,014
<b>Total</b>	<b>\$ 2,675,891,615</b>	<b>\$ 2,897,857,806</b>	<b>\$ 197,442,705</b>	<b>\$ 206,174,189</b>	<b>\$ 2,873,334,320</b>	<b>\$ 3,104,031,995</b>

\*Additional information on SANDAG's adoption of GASB 96 Subscription-based liabilities can be found in Note II.L in the notes to the basic statements of this report.

SANDAG total debt, including compensated absences, lease payable, and subscription-based liabilities decreased by \$230,697,675 which is primarily a result of debt principal paydown and bond premium amortization.

In addition to the debt noted in the schedule above, net pension liability of \$72,195,494, comprised of \$68,196,610 and \$3,998,884, and Other Post-Employment Benefit liability of \$4,484,884, comprised of \$4,355,913 and \$128,971, for the primary government and ARJIS respectively, are included in fiscal year 2023. See Note II.M and II.N for further information.

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 revenue generated on the State Route 125 (SR 125) toll road and the Interstate 15 (I-15) Express Lanes is showing a steady recovery, reflecting an uptick in both traffic and revenue during FY 2023. The positive trend is indicative of a return to more stable conditions. For fiscal year 2025, projections indicate a 3% increase in revenue for SR125 compared to the 2024 forecast. Similarly, the I-15 Express Lanes are expected to experience a 3% revenue increase, as travel patterns normalize, and dynamic pricing strategies are optimized.
- The FY 2024 Program Budget is shaped by the strategic plan and is designed to better align our organization to achieve our vision, mission, guiding principles, and core values. The FY 2024 budget is organized under the six areas of emphasis that embody the spectrum of project development and delivery activities: use data and analytics to support innovation and inform decision-making, plan for a vibrant future, bring plans and projects to life, operate programs and services, engage with the communities we serve and provide outstanding business advisory services. Administrative expenditures are increasing 9.79 percent, with an approved budget of \$18.6 million, primarily due to increased staffing levels and rent costs.

- SANDAG continues to strive for improvement by implementing cost-effective measures to maximize the efficiency of the general fund expenditures. In fiscal year 2024, emphasis continues to be placed on an agency-wide modernization program that provides technology improvements to increase overall efficiencies.
- Actual cash basis sales tax collections have increased in 25 of the last 29 years of collections, with decreases occurring in fiscal years 2008, 2009, 2010, and 2020. Actual sales tax receipts in fiscal year 2023 came in 5.87 percent higher than fiscal year 2022 actual receipts. The increase from previous years is reflective of strong online taxable sales and inflation.
- For the fiscal year 2024 budget, \$429 million in *TransNet* sales tax receipts is projected. 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](mailto: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, 2023**

	Primary Government			Component Unit
	Governmental	Business-type	Totals	ARJIS
	Activities	Activities		
<b>ASSETS</b>				
Cash and investments - unrestricted	\$ 692,607,453	\$ 14,929,105	\$ 707,536,558	\$ 9,058,197
Cash and investments - restricted	-	838	838	-
Lease receivable	-	2,635,132	2,635,132	-
Accounts receivable	317,440	7,545,504	7,862,944	-
Prepaid items and other assets	1,553,918	6,689,026	8,242,944	223,645
Swap termination payment receivable	17,677,904	-	17,677,904	-
Interest receivable	2,176,434	12,773	2,189,207	18
Due from other governments	196,275,103	677,869	196,952,972	791,886
Due from component units	293,206	-	293,206	-
Internal balances	(6,613,962)	6,613,962	-	-
Derivative instrument - swap asset	13,187	-	13,187	-
Restricted assets:				
Cash restricted for capital project retentions	11,453,947	28,956,830	40,410,777	-
Cash and investments restricted for debt service and other liabilities	70,078,631	23,454,496	93,533,127	-
Cash and investments restricted for environmental mitigation	1,239,610	-	1,239,610	-
Cash and investments restricted for major maintenance & project revenue	-	44,264,806	44,264,806	-
Capital assets:				
Non-depreciable	486,823,090	2,014,930	488,838,020	100,298
Depreciable, net of accumulated depreciation and amortization	11,691,973	292,968,990	304,660,963	940,028
<b>Total assets</b>	<b>1,485,587,934</b>	<b>430,764,261</b>	<b>1,916,352,195</b>	<b>11,114,072</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on bond refunding	7,296,710	367,246	7,663,956	-
Pension related	23,349,036	2,726,996	26,076,032	2,211,396
Other post-employment benefit related	3,383,139	386,560	3,769,699	121,892
<b>Total deferred outflows of resources</b>	<b>34,028,885</b>	<b>3,480,802</b>	<b>37,509,687</b>	<b>2,333,288</b>
<b>LIABILITIES</b>				
Accounts payable	30,840,506	1,833,963	32,674,469	328,656
Retentions payable	4,102,167	2,778,370	6,880,537	-
Due to other governments	23,837,957	1,341,782	25,179,739	130,085
Due to primary government	-	-	-	293,206
Accrued interest payable	22,787,766	4,342,992	27,130,758	-
Swap termination payment payable	24,167,590	-	24,167,590	-
Transponder deposits payable	-	23,425	23,425	-
Unearned revenue	15,017,879	3,396,362	18,414,241	-
Liabilities payable from restricted assets:				
Deposits payable	236,382	-	236,382	-
Retentions payable	12,175,692	-	12,175,692	-
Long-term debt payable - due within one year	29,129,983	-	29,129,983	-
Long-term liabilities:				
Due within one year	63,332,728	5,570,713	68,903,441	91,422
Due in more than one year	2,583,428,904	191,871,992	2,775,300,896	424,630
Net pension liability	61,108,178	7,088,432	68,196,610	3,998,884
Net other post-employment benefit liability	3,955,223	400,690	4,355,913	128,971
<b>Total liabilities</b>	<b>2,874,120,955</b>	<b>218,648,721</b>	<b>3,092,769,676</b>	<b>5,395,854</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accumulated increase in fair value of hedging swap agreement	13,187	-	13,187	-
Deferred gain on bond refunding	7,799,985	-	7,799,985	-
Pension related	820,092	1,074,340	1,894,432	984,743
Lease related	-	2,563,799	2,563,799	-
Other post-employment benefit related	87,215	3,613	90,828	7,289
<b>Total deferred inflows of resources</b>	<b>8,720,479</b>	<b>3,641,752</b>	<b>12,362,231</b>	<b>992,032</b>
<b>NET POSITION</b>				
Net investment in capital assets	(624,422,542)	94,612,275	(529,810,267)	524,274
Restricted for:				
Debt service and pension benefits	40,712,266	19,143,371	59,855,637	-
Environmental mitigation	1,239,610	-	1,239,610	-
Major maintenance post-acquisition	-	28,956,830	28,956,830	-
Project revenue and customer prepaid accounts	-	49,491,523	49,491,523	-
Toll road operations and improvements	-	15,975,984	15,975,984	-
Freeway emergency service	9,185,400	-	9,185,400	-
iCommute	-	613	613	-
Property management	-	3,358,834	3,358,834	-
Unrestricted (deficit)	(789,939,349)	415,160	(789,524,189)	6,535,200
<b>Total net position</b>	<b>\$ (1,363,224,615)</b>	<b>\$ 211,954,590</b>	<b>\$ (1,151,270,025)</b>	<b>\$ 7,059,474</b>

See accompanying Notes to the Basic Financial Statements.

**San Diego Association of Governments**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government, net of cost recovery	\$ 1,954,108	\$ 1,181,717	\$ -	\$ -
Modeling and research	17,273,262	-	8,691,454	-
Criminal justice	1,835,692	244,379	1,633,310	-
Sustainable development	14,322,807	-	9,821,306	-
Sustainable mobility programs and services	35,745,838	-	27,915,094	-
Internal and external coordination	9,426,522	-	2,682,917	-
SAFE program	1,852,344	3,010,849	-	-
Bicycle facilities	193,024	-	-	-
Independent Taxpayer Oversight Committee	281,485	-	-	-
Major corridor environmental mitigation	98,779,363	-	-	-
Local street improvements	82,049,041	-	-	-
Smart growth	3,230,834	-	-	-
New major corridor transit operations	36,156,214	-	-	-
Transit system improvements	73,027,729	-	-	-
Transit capital contributions	178,253,866	-	-	227,280,965
Interest on long-term debt	78,632,962	-	7,012,574	-
<b>Total governmental activities</b>	<b>633,015,091</b>	<b>4,436,945</b>	<b>57,756,655</b>	<b>227,280,965</b>
<b>Business-type activities:</b>				
Service Bureau	71,837	33,272	-	-
SourcePoint	12,943	1,915	-	-
Interstate 15 FasTrak	5,440,782	11,048,596	-	-
State Route 125 Toll Road	35,806,760	38,768,057	-	-
<b>Total business-type activities</b>	<b>41,332,322</b>	<b>49,851,840</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 674,347,413</b>	<b>\$ 54,288,785</b>	<b>\$ 57,756,655</b>	<b>\$ 227,280,965</b>
<b>Component unit:</b>				
ARJIS	5,694,998	4,930,091	172,264	-
<b>Total component units</b>	<b>\$ 5,694,998</b>	<b>\$ 4,930,091</b>	<b>\$ 172,264</b>	<b>\$ -</b>
<b>General revenues:</b>				
Local <i>TransNet</i> sales tax funds				
Local Transportation Development Act sales tax funds				
Investment earnings				
Other revenues				
Increase (decrease) upon hedge termination				
<b>Transfers in (out)</b>				
<b>Total general revenues and transfers</b>				
<b>Change in net position</b>				
Net position - beginning of year				
<b>Net position - end of year</b>				

See accompanying Notes to the Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Totals	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	ARJIS
\$ 1,181,717	\$ (772,391)	\$ -	\$ (772,391)	\$ -
8,691,454	(8,581,808)	-	(8,581,808)	-
1,877,689	41,997	-	41,997	-
9,821,306	(4,501,501)	-	(4,501,501)	-
27,915,094	(7,830,744)	-	(7,830,744)	-
2,682,917	(6,743,605)	-	(6,743,605)	-
3,010,849	1,158,505	-	1,158,505	-
-	(193,024)	-	(193,024)	-
-	(281,485)	-	(281,485)	-
-	(98,779,363)	-	(98,779,363)	-
-	(82,049,041)	-	(82,049,041)	-
-	(3,230,834)	-	(3,230,834)	-
-	(36,156,214)	-	(36,156,214)	-
-	(73,027,729)	-	(73,027,729)	-
227,280,965	49,027,099	-	49,027,099	-
7,012,574	(71,620,388)	-	(71,620,388)	-
289,474,565	(343,540,526)	-	(343,540,526)	-
33,272	-	(38,565)	(38,565)	-
1,915	-	(11,028)	(11,028)	-
11,048,596	-	5,607,814	5,607,814	-
38,768,057	-	2,961,297	2,961,297	-
49,851,840	-	8,519,518	8,519,518	-
\$ 339,326,405	(343,540,526)	8,519,518	(335,021,007)	-
5,102,355				(592,643)
\$ 5,102,355				(592,643)
	426,513,882	-	426,513,882	-
	16,020,702	-	16,020,702	-
	27,290,453	2,571,380	29,861,833	349,317
	84,808	2,263,412	2,348,220	-
	(17,152,548)	-	(17,152,548)	-
	6,040,884	(6,040,884)	-	-
	458,798,181	(1,206,092)	457,592,089	349,317
	115,257,655	7,313,426	122,571,081	(243,326)
	(1,478,482,270)	204,641,164	(1,273,841,106)	7,302,800
	\$ (1,363,224,615)	\$ 211,954,590	\$ (1,151,270,025)	\$ 7,059,474

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# FUND FINANCIAL STATEMENTS

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# **GOVERNMENT FUND FINANCIAL STATEMENTS**

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**San Diego Association of Governments**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Major Funds		
	General Fund	San Diego County Regional	
		Transportation Commission Sales Tax Projects Fund	Capital Projects Fund
<b>ASSETS</b>			
Cash and investments	\$ 18,526,494	\$ 636,723,375	\$ 595,286
Accounts receivable	98,765	-	191,582
Prepaid items and other assets	947,587	21,315	209,078
Interest receivable	24,449	2,055,764	-
Due from other funds	170,733	-	19,653,978
Due from other governments	296,177	76,840,650	15,328,690
Due from component units	293,206	-	-
Cash and investments - restricted	12,791,844	1,239,610	11,453,947
<b>Total assets</b>	<b>\$ 33,149,255</b>	<b>\$ 716,880,714</b>	<b>\$ 47,432,561</b>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,067,588	\$ 663,828	\$ 16,952,232
Accrued liabilities	1,567,787	-	-
Retentions payable	-	4,905	2,964,452
Due to other funds	5,894,103	21,499,785	374,907
Due to other governments	627,010	10,934,272	7,198,421
Deposit payable	-	-	-
Unearned revenue	-	-	7,366,292
Liabilities payable from restricted assets	-	-	12,175,692
<b>Total liabilities</b>	<b>9,156,488</b>	<b>33,102,790</b>	<b>47,031,996</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	4,369,459
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>4,369,459</b>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable:			
Prepaid items	947,587	21,315	209,078
<b>Total nonspendable</b>	<b>947,587</b>	<b>21,315</b>	<b>209,078</b>
Restricted for:			
Pension benefits	12,791,844	-	-
Environmental mitigation	-	1,239,610	-
Debt service	-	-	-
TransNet-eligible projects	-	682,517,341	-
Freeway emergency service	-	-	-
<b>Total restricted</b>	<b>12,791,844</b>	<b>683,756,951</b>	<b>-</b>
Committed to:			
Agency contingency reserve	7,690,000	-	-
<b>Total committed</b>	<b>7,690,000</b>	<b>-</b>	<b>-</b>
Unassigned	2,563,336	(342)	(4,177,972)
<b>Total fund balances (deficit)</b>	<b>23,992,767</b>	<b>683,777,924</b>	<b>(3,968,894)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 33,149,255</b>	<b>\$ 716,880,714</b>	<b>\$ 47,432,561</b>

See accompanying Notes to the Basic Financial Statements.

San Diego County Regional Transportation Commission Debt Service Fund		General Services Fund	San Diego Association of Governments Debt Service Fund	Other Governmental Funds	Totals
\$	6,380,656	\$ 811,436	\$ 20,344,548	\$ 9,225,658	\$ 692,607,453
	-	27,093	-	-	317,440
	-	365,065	300	10,573	1,553,918
	71,125	-	-	25,096	2,176,434
	-	3,269,299	-	1,276,000	24,370,010
	78,176,137	24,994,490	-	525,257	196,161,401
	-	-	-	-	293,206
	57,286,787	-	-	-	82,772,188
\$	141,914,705	\$ 29,467,383	\$ 20,344,848	\$ 11,062,584	\$ 1,000,252,050
\$	-	\$ 10,267,043	\$ 21,375	\$ 276,592	\$ 29,248,658
	-	24,061	-	-	1,591,848
	-	1,132,810	-	-	4,102,167
	228	1,803,460	7,350	1,404,139	30,983,972
	-	4,892,375	-	185,879	23,837,957
	2,684,465	-	-	-	2,684,465
	-	7,651,587	-	-	15,017,879
	236,382	-	-	-	12,412,074
	2,921,075	25,771,336	28,725	1,866,610	119,879,020
	78,176,137	6,764,573	-	-	89,310,169
	78,176,137	6,764,573	-	-	89,310,169
	-	365,065	300	10,573	1,553,918
	-	365,065	300	10,573	1,553,918
	-	-	-	-	12,791,844
	-	-	-	-	1,239,610
	54,365,940	-	20,315,823	12,987,998	87,669,761
	6,451,553	-	-	-	688,968,894
	-	-	-	9,185,401	9,185,401
	60,817,493	-	20,315,823	22,173,399	799,855,510
	-	-	-	-	7,690,000
	-	-	-	-	7,690,000
	-	(3,433,591)	-	(12,987,998)	(18,036,567)
	60,817,493	(3,068,526)	20,316,123	9,195,974	791,062,861
\$	141,914,705	\$ 29,467,383	\$ 20,344,848	\$ 11,062,584	\$ 1,000,252,050

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, 2023**

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**Total Fund Balances - Total Governmental Funds** \$ 791,062,861

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	486,823,090
Capital assets, depreciable and amortizable	37,877,891
Accumulated depreciation and amortization	(26,185,918)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds.

Interest receivable - commercial paper	113,702
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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.

89,310,169

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	(22,674,064)
Accrued interest payable - commercial paper	(113,702)
Commercial paper payable	(46,164,000)
Bond premium	(112,271,791)
Deferred loss on bond refunding	7,296,710
Bonds payable	(2,330,999,439)
GANS payable	(179,485,000)
Deferred gain on bond refunding	(7,799,985)
Lease liability	(1,891,639)
Subscription Based Information Technology Liability	(732,186)
Compensated absences	(4,347,560)

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	23,349,036
Net pension liability	(61,108,178)
Deferred inflows of resources - pension related	(820,092)

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	3,383,139
Net OPEB liability	(3,955,223)
Deferred inflows of resources - OPEB related	(87,215)

Derivative instruments are not reported in the funds but must be reported in the statement of net position.

Derivative instrument - swap asset	13,187
Accumulated decrease in fair value of hedging swap agreements	(13,187)
Swap termination payment receivable	17,677,904
Swap termination payment payable	(21,483,125)

**Net Position of Governmental Activities** \$ (1,363,224,615)

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, 2023**

	General Fund	San Diego County Regional Transportation Commission Sales Tax Projects Fund	Capital Projects Fund
<b>REVENUES</b>			
Federal funds	\$ -	\$ -	\$ 211,484,122
State funds	-	-	8,777,685
Local <i>TransNet</i> sales tax funds	-	426,513,882	-
Local Transportation Development Act sales tax funds	10,381,776	-	5,638,926
Other local governmental funding	-	-	10,126,975
SAFE program revenue	-	-	-
Member agency assessments	1,181,717	-	-
Investment earnings	1,120,034	14,690,412	-
Debt repayments from other governments	-	-	-
Other revenues	63,393	21,415	-
<b>Total revenues</b>	<b>12,746,920</b>	<b>\$ 441,225,709</b>	<b>236,027,708</b>
<b>EXPENDITURES</b>			
Current:			
General government	884,217	-	-
Modeling and research	-	-	-
Criminal justice	-	-	-
Sustainable development	-	-	-
Sustainable mobility programs and services	-	-	-
Internal and external coordination	-	-	-
SAFE program	-	-	-
Bicycle facilities	-	8,745	-
Independent Taxpayer Oversight Committee	-	281,485	-
Major corridor capital projects	-	206,061	-
Local street and road improvements	-	82,197,041	-
Smart growth	-	12,232	-
New major corridor transit operations	-	36,156,214	-
Transit system improvements	-	73,805,856	-
Regional transportation improvements	-	-	159,712,853
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
<b>Total expenditures</b>	<b>884,217</b>	<b>192,667,634</b>	<b>159,712,853</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,862,703</b>	<b>248,558,075</b>	<b>76,314,855</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	478,930	28,938,459	100,672,393
Transfers out	(11,877,657)	(230,917,100)	(174,583,620)
Commercial paper issued	-	-	-
TIFIA proceeds	-	-	-
<b>Total other financing sources (uses)</b>	<b>(11,398,727)</b>	<b>(201,978,641)</b>	<b>(73,911,227)</b>
<b>Net change in fund balances</b>	<b>463,976</b>	<b>46,579,434</b>	<b>2,403,628</b>
<b>FUND BALANCES (DEFICIT)</b>			
Beginning of year	23,528,791	637,198,490	(6,372,522)
End of year	<b>\$ 23,992,767</b>	<b>\$ 683,777,924</b>	<b>\$ (3,968,894)</b>

See accompanying Notes to the Basic Financial Statements.



San Diego County Regional Transportation Commission Debt Service Fund	General Services Fund	San Diego Association of Governments Debt Service Fund	Other Governmental Funds	Totals  2023
\$ -	\$ 37,232,828	\$ -	\$ -	\$ 248,716,950
-	12,287,386	-	-	21,065,071
-	-	-	-	426,513,882
-	-	-	-	16,020,702
-	4,287,824	-	-	14,414,799
-	-	-	3,010,849	3,010,849
-	244,379	-	-	1,426,096
7,943,902	-	3,640,725	120,396	27,515,469
2,130,269	-	-	-	2,130,269
-	-	-	-	84,808
<u>10,074,171</u>	<u>54,052,417</u>	<u>3,640,725</u>	<u>3,131,245</u>	<u>760,898,895</u>
-	-	-	-	884,217
-	17,580,488	-	-	17,580,488
-	1,835,692	-	-	1,835,692
-	14,322,807	-	-	14,322,807
-	33,610,378	-	-	33,610,378
-	9,426,522	-	-	9,426,522
-	-	-	1,852,344	1,852,344
-	184,279	-	-	193,024
-	-	-	-	281,485
-	-	-	-	206,061
-	-	-	-	82,197,041
-	3,218,602	-	-	3,230,834
-	-	-	-	36,156,214
-	1,819,994	-	-	75,625,850
-	-	-	-	159,712,853
580,045,000	-	155,515,000	-	735,560,000
89,592,582	-	12,781,298	-	102,373,880
<u>669,637,582</u>	<u>81,998,762</u>	<u>168,296,298</u>	<u>1,852,344</u>	<u>1,275,049,690</u>
<u>(659,563,411)</u>	<u>(27,946,345)</u>	<u>(164,655,573)</u>	<u>1,278,901</u>	<u>(514,150,795)</u>
114,807,144	32,084,466	174,272,731	1,276,000	452,530,123
(24,438,459)	(1,276,000)	(2,289,033)	(1,107,370)	(446,489,239)
148,000	-	-	-	148,000
<u>537,484,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,484,439</u>
<u>628,001,124</u>	<u>30,808,466</u>	<u>171,983,698</u>	<u>168,630</u>	<u>543,673,323</u>
(31,562,287)	2,862,121	7,328,125	1,447,531	29,522,528
<u>92,379,780</u>	<u>(5,930,647)</u>	<u>12,987,998</u>	<u>7,748,443</u>	<u>761,540,333</u>
<u>\$ 60,817,493</u>	<u>\$ (3,068,526)</u>	<u>\$ 20,316,123</u>	<u>\$ 9,195,974</u>	<u>\$ 791,062,861</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, 2023**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 29,522,528**

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	(225,016)
Federal Subsidies	7,012,574

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 and amortization expense.

Capital assets additions and dispositions, net	2,559,143
Depreciation and amortization expense	(6,555,879)
Regional transportation improvements	158,999,725
Contributed to SANDAG capital assets	(18,172,348)
Contributed to other government agencies	(255,806,868)

The issuance of long-term debt (e.g., bonds, commercial paper, leases) 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	731,700,000
Commercial paper issued	(148,000)
Debt repayments from other governments - bond	(1,333,337)
Debt repayments from other governments - commercial paper	(796,932)
Commercial paper repayments	3,860,000
TIFIA loan issued	(537,484,439)
Payments on leases	3,300,879
Payments on sbitas	176,963
Amortization expense on unamortized premium on bonds issued	22,880,710
Amortization expense on unamortized loss on bond refunding	(721,462)
Amortization expense on unamortized gain on bond refunding	492,320

Some revenues do not provide current financial resources, and therefore, are deferred in governmental funds. (6,023,772)

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	1,089,350
Gain (loss) on interest rate swap termination	(17,152,548)
Change in net OPEB liability and related accounts	(289,444)
Change in compensated absences	(335,093)

Change in net pension liability and related accounts	<u>(1,291,399)</u>
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**Change in Net Position of Governmental Activities** **\$ 115,257,655**

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, 2023**

	Business-type Activities-Enterprise Funds		Totals
	Major Fund	Nonmajor	
	SR 125 Toll Road	Funds	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents - unrestricted	\$ 6,131,245	\$ 8,797,860	\$ 14,929,105
Cash and cash equivalents - restricted	-	838	838
Lease receivable	17,779	869,112	886,891
Accounts receivable	4,395,742	3,149,762	7,545,504
Prepaid items and other assets	2,658,833	4,030,193	6,689,026
Interest receivable	-	12,773	12,773
Due from other funds	789,159	5,964,688	6,753,847
Due from other governments	210,596	467,273	677,869
<b>Total current assets</b>	<b>14,203,354</b>	<b>23,292,499</b>	<b>37,495,853</b>
<b>Noncurrent assets:</b>			
Cash and cash equivalents - restricted	96,676,132	-	96,676,132
Non-depreciable capital assets	1,998,288	16,642	2,014,930
Depreciable capital assets, net of accumulated depreciation	280,518,919	12,450,071	292,968,990
Lease Receivable	837,221	911,020	1,748,241
<b>Total noncurrent assets</b>	<b>380,030,560</b>	<b>13,377,733</b>	<b>393,408,293</b>
<b>Total assets</b>	<b>394,233,914</b>	<b>36,670,232</b>	<b>430,904,146</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources - loss on debt refunding	367,246	-	367,246
Deferred outflow of resources - pension related	2,726,996	-	2,726,996
Deferred outflow of resources - OPEB related	386,560	-	386,560
<b>Total deferred outflows of resources</b>	<b>3,480,802</b>	<b>-</b>	<b>3,480,802</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	1,557,995	275,968	1,833,963
Accrued liabilities	-	-	-
Retentions payable	1,223,783	1,554,587	2,778,370
Due to other funds	119,133	20,752	139,885
Due to other governments	231,047	1,110,735	1,341,782
Security deposit	-	31,867	31,867
Transponder deposits payable	20,091	3,334	23,425
Unearned revenue	2,138,678	1,257,684	3,396,362
Interest payable	4,311,125	-	4,311,125
Compensated absences	293,396	-	293,396
Subscription IT Liability	12,317	-	12,317
Bonds payable due within one year	5,265,000	-	5,265,000
<b>Total current liabilities</b>	<b>15,172,565</b>	<b>4,254,927</b>	<b>19,427,492</b>
<b>Long-term liabilities:</b>			
Bonds payable	191,848,933	-	191,848,933
Net pension liability	7,088,432	-	7,088,432
Net OPEB liability	400,690	-	400,690
Subscription Based IT liability	23,059	-	23,059
<b>Total noncurrent liabilities</b>	<b>199,361,114</b>	<b>-</b>	<b>199,361,114</b>
<b>Total liabilities</b>	<b>214,533,679</b>	<b>4,254,927</b>	<b>218,788,606</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension related	1,074,340	-	1,074,340
Deferred inflows of resources - lease related	811,211	1,752,588	2,563,799
Deferred inflows of resources - OPEB related	3,613	-	3,613
<b>Total deferred inflows of resources</b>	<b>1,889,164</b>	<b>1,752,588</b>	<b>3,641,752</b>
<b>NET POSITION</b>			
<b>Net investment in capital assets</b>	<b>83,700,149</b>	<b>10,912,126</b>	<b>94,612,275</b>
<b>Restricted for:</b>			
Debt service	19,143,371	-	19,143,371
Major maintenance and capital expenditure	28,956,830	-	28,956,830
Project revenue	49,359,456	-	49,359,456
Customer prepaid accounts	132,067	-	132,067
iCommute	-	613	613
Property management	-	3,358,834	3,358,834
Toll road operations and improvements	-	15,975,984	15,975,984
<b>Unrestricted</b>	<b>-</b>	<b>415,160</b>	<b>415,160</b>
<b>Total net position</b>	<b>\$ 181,291,873</b>	<b>\$ 30,662,717</b>	<b>\$ 211,954,590</b>

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, 2023**

	Business-type Activities - Enterprise Funds		Totals
	Major Fund	Nonmajor	
	SR 125 Toll Road	Funds	
<b>OPERATING REVENUES</b>			
State Route 125 Toll Road revenue	\$ 38,768,057	\$ -	\$ 38,768,057
Interstate 15 FasTrak permit revenue	-	10,996,399	10,996,399
Interstate 15 FasTrak fines and forfeitures revenue	-	52,197	52,197
Service Bureau transportation modeling service fees	-	33,272	33,272
SourcePoint charges for service	-	1,915	1,915
<b>Total operating revenues</b>	<b>38,768,057</b>	<b>11,083,783</b>	<b>49,851,840</b>
<b>OPERATING EXPENSES</b>			
Roadway operations expenses	2,463,332	1,323,002	3,786,334
SourcePoint iCommute operating expenses	-	12,943	12,943
Payroll and other compensation expenses	6,558,832	1,403,648	7,962,480
Administrative costs	1,639,734	516,350	2,156,084
Professional services	2,475,860	459,370	2,935,230
Depreciation	16,266,293	1,810,249	18,076,542
<b>Total operating expenses</b>	<b>29,404,051</b>	<b>5,525,562</b>	<b>34,929,613</b>
<b>Operating income (loss)</b>	<b>9,364,006</b>	<b>5,558,221</b>	<b>14,922,227</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Lease income	-	1,228,225	1,228,225
Other income (expenses)	492,185	543,002	1,035,187
Interest income	2,453,607	117,773	2,571,380
Interest expense	(6,402,709)	-	(6,402,709)
<b>Total nonoperating revenues (expenses)</b>	<b>(3,456,917)</b>	<b>1,889,000</b>	<b>(1,567,917)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>5,907,089</b>	<b>7,447,221</b>	<b>13,354,310</b>
Transfers out	(1,468,467)	(4,572,417)	(6,040,884)
<b>Total contributions and transfers</b>	<b>(1,468,467)</b>	<b>(4,572,417)</b>	<b>(6,040,884)</b>
<b>CHANGE IN NET POSITION</b>	<b>4,438,622</b>	<b>2,874,804</b>	<b>7,313,426</b>
Net position:			
Beginning of year	176,853,251	27,787,913	204,641,164
End of year	\$ 181,291,873	\$ 30,662,717	\$ 211,954,590

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, 2023**

	Business-type Activities - Enterprise Funds		Totals
	SR 125 Toll Road	Nonmajor Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 38,764,916	\$ 6,567,256	\$ 45,332,172
Receipts from rental and miscellaneous income	59,893	-	59,893
Payments for employee salaries and benefits	(6,571,654)	(1,482,447)	(8,054,101)
Payments for operations	(9,881,347)	(2,808,528)	(12,689,875)
<b>Net cash provided by (used for) operating activities</b>	<b>22,371,808</b>	<b>2,276,281</b>	<b>24,648,089</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer to other funds	(1,468,467)	(4,572,417)	(6,040,884)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(1,468,467)</b>	<b>(4,572,417)</b>	<b>(6,040,884)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES</b>			
Acquisition and construction of capital assets	(3,104,359)	-	(3,104,359)
Principal payment on debt	(5,010,000)	-	(5,010,000)
Interest payment on debt	(8,754,250)	-	(8,754,250)
Interest payment on lease	(1,312)	-	(1,312)
<b>Net cash provided by (used for) capital financing and related activities</b>	<b>(16,869,921)</b>	<b>-</b>	<b>(16,869,921)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	2,401,842	115,221	2,517,063
<b>Net cash provided by (used for) investing activities</b>	<b>2,401,842</b>	<b>115,221</b>	<b>2,517,063</b>
<b>Net change in cash and investments</b>	<b>6,435,262</b>	<b>(2,180,915)</b>	<b>4,254,347</b>
Cash and investments, beginning of year	96,372,115	10,979,613	107,351,728
Cash and investments, end of year	\$ 102,807,377	\$ 8,798,698	\$ 111,606,075
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 9,364,006	\$ 5,558,221	\$ 14,922,227
Adjustments to reconcile net cash provided by (used for) operating activities:			
Depreciation	16,266,293	1,810,249	18,076,542
(Increase) decrease in:			
Accounts receivable	(1,371,738)	(1,393,928)	(2,765,666)
Lease receivable	16,221	(776,757)	(760,536)
Due from other funds	-	(3,366,893)	(3,366,893)
Due from other governments	325,732	300,252	625,984
Prepaid expenses	(364,942)	126,018	(238,924)
Increase (decrease) in:			
Accounts payable	853,427	(684,140)	169,287
Claims payable	(920,838)	-	(920,838)
Retentions payable	132,352	(252,121)	(119,769)
Due to other funds	(3,077,841)	(12)	(3,077,853)
Due to other governments	(28,762)	239,628	210,866
Accrued liabilities	(288,347)	(9,925)	(298,272)
Unearned revenue	1,473,517	(53,779)	1,419,738
Deferred inflow of lease resources	(38,295)	779,468	741,173
Net pension liability	2,681,799	-	2,681,799
Pension related deferred outflows	(923,055)	-	(923,055)
Pension related deferred inflows	(1,725,546)	-	(1,725,546)
Net OPEB liability	140,624	-	140,624
OPEB related deferred outflows	(84,636)	-	(84,636)
OPEB related deferred inflows	(58,163)	-	(58,163)
<b>Total adjustments</b>	<b>13,007,802</b>	<b>(3,281,940)</b>	<b>9,725,862</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 22,371,808</b>	<b>\$ 2,276,281</b>	<b>\$ 24,648,089</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Bond premium amortization	\$ (2,253,082)	\$ -	\$ (2,253,082)
Refunding loss amortization	33,541	-	33,541
Capital asset purchase included in accounts payable	-	16,642	16,642

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 year ended June 30, 2023**

**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 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 year ended June 30, 2023**

**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 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.

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

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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 lease liabilities, compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving SANDAG the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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.

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.

SANDAG reports the following non major governmental fund:

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 fund:

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



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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 non major proprietary funds:

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.

**D. 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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**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 90 days 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, 2023, LAIF had an average maturity of 260 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 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, 2023, the pool had an average maturity of 26 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](http://www.sdttc.com).

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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;
- 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, 2023, 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".

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**5. Prepaid items**

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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, major maintenance and project revenue, 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 and amortization, 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 except for intangible right-to-use lease assets, the measurement of which is discussed in note I.E9.

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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

Capital assets are carried at cost and depreciated/amortized using the straight-line method and SBITA assets are amortized over the shorter of lease/subscription term of the estimated useful life of the asset. 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
SBITAs	2-6
Electronic toll collection system	10
Buses	12
Toll road	31
Buildings	50
Land Improvements	5
Right-to-use leased vehicles	3
Right-to-use leased buildings	1-5

**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 three items that qualify for reporting in this category in the government-wide statement of net position: (1) the deferred loss on bond refunding; (2) the pension-related amounts for the year based upon the accounting valuation (actuarial) report; and (3) 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 five types of this item that are reported in this category in the government-wide statement of net position: (1) the accumulated increase in fair value of the hedging swap agreement; (2) pension-related amounts for the year based upon the accounting valuation (actuarial) report; (3) OPEB-related amounts for the year based upon the accounting valuation (actuarial) report; (4) deferred gain on refunding of debts; and (5) deferred amounts related to leases.

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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**9. Leases**

**Lessor:** SANDAG is a lessor for a noncancellable lease on a portion of the SR 125 property for the purpose of installing and operating an antenna (cell phone tower), a property manager for two locations in the city of San Diego, and a sublease of an office in downtown San Diego. SANDAG recognizes a lease receivable and a deferred inflow of resources in its financial statements for these leases.

At the commencement of a lease, SANDAG initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how SANDAG determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- SANDAG uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in measurement of the lease receivable are composed of fixed payments from lessees.

SANDAG monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Lessee:** SANDAG is a lessee for noncancellable leases of vehicles and office buildings. SANDAG recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. SANDAG recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, SANDAG initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how SANDAG determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- SANDAG uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, SANDAG generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed fixed payments and purchase option price that SANDAG is reasonably certain to exercise.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

SANDAG monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**10. Subscription-Based IT Arrangements (SBITA)**

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (GASB Statement No. 96) defines a SBITA as a contract that transfers the right to use another entity's subscription asset for a specific period of time in an exchange or exchange-like transaction. SANDAG has entered into various SBITA agreements. Under these contracts, the SANDAG recognizes a SBITA liability and a SBITA asset (intangible right-to-use SBITA asset) at the commencement of the SBITA term in the government-wide financial statements or Proprietary Funds' Statement of Net Position. The SBITA liability is measured at the present value of payments expected to be made during the SBITA term. The SBITA asset is measured at the amount of the initial measurement of the SBITA liability, plus any payments made to the vendor at or before the commencement of the SBITA term and any capitalizable initial implementation costs.

An amendment to a SBITA contract is considered a SBITA modification, unless the SANDAG's right to use the underlying asset decreases, in which case it is considered a partial or full SBITA termination. A SBITA termination is accounted for by reducing the carrying values of the SBITA liability and SBITA asset by the County, with any difference being recognized as a gain or loss.

The future SBITA payments are discounted using the interest rate implicit in the SBITA contract. If the interest rate is not available, SANDAG uses its incremental borrowing rate determined by CEO Budget and Finance. The SBITA term is determined by the sum of the non-cancelable periods, plus renewal options when they are reasonably certain of being exercised or early termination options when they are reasonably certain of not being exercised.

**11. 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/amortization, 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 pension benefits consists of reserves for future debt service and pension benefits.

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

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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 accounts 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 iCommuter 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 iCommuter program. In fiscal year 2023, there were no cash donations, and as a result, iCommuter expenses exceeded iCommuter revenue by \$8,503.

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 \$789,076,573 results primarily from the long-term debt payable of \$2,668,920,230 issued to primarily fund major corridor, transportation facilities, public infrastructure improvements 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.G on long-term debt for further information.

The business-type activities unrestricted net position of \$415,160 results from the operations of the Service Bureau and SourcePoint programs.

**12. 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.



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**13. 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 SANDAG 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.

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.

**14. 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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**15. Long-term debt**

In the government-wide financial statements, long-term debt obligations including lease liabilities 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.

**16. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**17. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**18. *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 \$5,177,938 and proprietary funds of \$535,193, during fiscal year 2023, it was determined that the entire balance of compensated absences reported at June 30, 2023, is expected to be exhausted in fiscal year 2024. Because the turnover each year nets to approximately \$0, the entire balance is reported as current. Compensated absences are liquidated by the general fund.

**19. *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 or Balance Sheet and the revenue is recognized.

**20. *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, leases, and transfers in are reported as other financing sources. Transfers out and discounts on bonds issued are reported as other financing uses.

**21. *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.

**22. *Effects of new pronouncements***

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The statement was implemented in FY 2022-23. The effect of the implementation of this standard on beginning net position is disclosed in Note II.E1, and the additional disclosures required by this standard in included in Note I.E10, Subscription-Based Information Technology Arrangements.

The following summarizes recent GASB Pronouncements that will be implemented in future financial statements. SANDAG has not determined the effect of these Statements.

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**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

In April 2022, GASB issued Statement No. 99, "Omnibus 2022." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of other GASB statements, and (2) adding accounting and financial reporting guidance for financial guarantees. Certain requirements related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022. SANDAG has no agreements related to PPPs and implemented this requirement in FY 2022-23 as it relates to leases and SBITAs. The requirements related to the financial guarantees are effective for periods beginning after June 13, 2023, which requires SANDAG to implement them in FY 2023-24.

In June 2022, GASB issued Statement No. 100, "Accounting Changes and Error Corrections-an amendment of GASB Statement No.62." This Statement improves accounting and financial reporting requirements for accounting changes and errors corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also requires the display of note disclosures of the accounting change and error corrections. The requirements of this statement are effective for reporting periods after June 15, 2023, which requires SANDAG to implement the Statement in FY 2023-24.

In June 2022, GASB issued Statement No. 101, "Compensated Absences" in which the primary objective is to update the recognition and measurement guidance for compensated absences. This is achieved by a unified model and amends certain previously required disclosures. The requirements of this statement are effective for reporting periods after December 15, 2023, which requires SANDAG to implement the Statement in FY 2023-24.

**23. Fund deficit**

The Capital projects and General Services fund, both major governmental funds, had a deficit fund balance of \$3,968,894 and \$3,068,526, respectively. The fund balance deficits were primarily due to a delay in receiving related funding for regional transportation improvement projects and smart mobility projects within the availability period to be recognized as revenues for the fiscal year.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**II. DETAILED NOTES ON ALL FUNDS**

**A. Cash and investments**

Cash, cash equivalents, and investments consisted of the following as of June 30, 2023:

Investment Type	Amount	Weighted Average Maturity (Days)	NRSRO Rating
<b>Cash and cash equivalents:</b>			
Cash - demand deposits	\$ 141,703,946	1	Not rated
Cash equivalents - NCTD Certificates of Participation	19,100,000	92	NR,A1
State of California Local Agency Investment Fund	66,218,760	260	Not rated
California Asset Management Program	308,012,351	26	AAAm
San Diego County Treasurer's Pooled Money Fund	16,363,308	438	AAAf / S1
Total Primary Government cash and cash equivalents	551,398,365	63	
<b>Investments:</b>			
U.S. Agencies	251,893,702	449	AA+, Aaa
Corporate Medium-Term Notes	66,172,639	743	BBB+/AAA
Supranational Agency Bond/Note	17,521,010	904	AAA/Aaa
Total Primary Government investments	335,587,351	530	
Total Primary Government cash, cash equivalents, and investments	886,985,716	240	
<b>ARJIS:</b>			
Cash - demand deposits	447,970	1	Not rated
California Asset Management Program	8,604,408	26	AAAm
San Diego County Treasurer's Pooled Money Fund	5,819	438	AAAf / S1
Total ARJIS cash and cash equivalents	9,058,197	25	
<b>Total cash, cash equivalents, and investments</b>	<b>\$ 896,043,913</b>		

At year end, the primary government's carrying amount of deposits was \$141,703,946, and the bank balance was \$147,270,301.

At year end, ARJIS' carrying amount of deposits was \$447,970 with \$17,262 in outstanding checks, aggregating to the bank balance of \$465,231. This balance was covered by federal depository insurance.

SANDAG is invested in two forward contract pay-variable, receive-variable investment derivative instruments with initial 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 payments based on 107.4 percent of three-month London Interbank Offered Rate (LIBOR). At June 30, 2023, these investment derivative instruments were reported as an asset with a fair value of \$13,187, net of interest. Other applicable risks (credit risk, interest rate risk, basis risk, termination risk, roll-over risk, etc.) associated with SANDAG investment derivative instrument are described in Note II.E.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**A. Cash and investments (continued)**

**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, 2023.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**3 Concentration of credit risk (continued)**

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, 2023, 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 Farm Credit Bank	\$ 28,485,176	8.49%

**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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**4 Custodial credit risk (continued)**

The fair 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, 2023 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	General Service Fund	Nonmajor Government Funds	SR 125 Toll Road Fund		Non-Major Enterprise Funds
Account receivables	\$ 98,765	\$ -	\$ 191,582	\$ -	\$ 27,093	\$ -	\$ 4,395,742	\$ 3,149,762	\$ 7,862,944
Interest	24,449	2,055,764	-	71,125	-	25,096	-	12,773	2,189,207
Lease receivables	-	-	-	-	-	-	855,000	1,780,132	2,635,132
<b>Total receivables</b>	<b>\$ 123,214</b>	<b>\$ 2,055,764</b>	<b>\$ 191,582</b>	<b>\$ 71,125</b>	<b>\$ 27,093</b>	<b>\$ 25,096</b>	<b>\$ 5,250,742</b>	<b>\$ 4,942,667</b>	<b>\$ 12,687,283</b>

To ensure collection of toll revenue, 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, 2023 reported for the SR 125 were \$4,395,742 net which is primarily comprised of \$2,664,276 of amounts from the common fund and \$1,691,678 violations fines receivable, net of an allowance for doubtful accounts. Gross violation receivables as of June 30, 2023 was \$68,722,609 with an estimated uncollectible allowance of \$67,030,931.

Similar to the SR 125, the I-15 is reported as a non-major enterprise fund and 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 \$10,270,220 violation tolls and fines with 100% allowance for doubtful accounts in FY 2023. The I-15 reported accounts receivables of \$3,008,773 and \$12,200 of interest receivable as well.



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. Due From/To Other Governments**

The receivable balances from other government entities as of June 30, 2023 was as follows:

Receivables	Due from other governments									Total
	Governmental Funds						Proprietary Funds			
	General Fund	Commission Sales Tax Projects Fund	Capital Projects Fund	Commission Debt Service Fund	General Service Fund	Nonmajor Governmental Fund	Commission GASB34 Conversion	SR 125 Toll Road Fund		
CalPERS	\$ 296,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,177
Sales Tax	-	76,835,355	-	-	-	-	-	-	-	76,835,355
Caltrans Grants	-	5,295	9,686,907	-	20,843,148	-	-	-	-	30,535,351
Dept of Motor Vehicles Collections	-	-	-	-	-	525,257	-	-	-	525,257
Advances for local street improvements	-	-	-	78,176,137	-	-	113,702	-	-	78,289,839
Various Grants	-	-	4,390,532	-	2,915,260	-	-	-	-	7,305,791
Various Transportation Projects Contributions	-	-	1,169,239	-	128,617	-	-	-	-	1,297,856
Other	-	-	82,012	-	1,107,465	-	-	210,596	467,273	1,867,346
<b>Total</b>	<b>\$ 296,177</b>	<b>\$ 76,840,650</b>	<b>\$ 15,328,690</b>	<b>\$ 78,176,137</b>	<b>\$ 24,994,490</b>	<b>\$ 525,257</b>	<b>\$ 113,702</b>	<b>\$ 210,596</b>	<b>\$ 467,273</b>	<b>\$ 196,952,972</b>

Receivables as of June 30, 2023 for ARJIS were \$791,886, which comprised of due from other governments for grants or services provided.

The payable balances to other government entities as of June 30, 2023 was as follows:

Payables	Due to other governments							Total
	Governmental Funds				Proprietary Funds			
	General Fund	Commission Sales Tax Projects Fund	Capital Projects Fund	General Service Fund	Nonmajor Governmental Fund	SR 125 Toll Road Fund		
Environmental monitoring projects	\$ -	\$ -	\$ 2,448,228	\$ -	\$ -	\$ -	\$ -	\$ 2,448,228
Crime Reduction Programs	-	-	-	117,460	-	-	-	117,460
Consulting Services	-	-	-	81,649	-	-	-	81,649
Retirement Services	601,628	-	-	-	-	2,527	-	604,155
Express Lanes	-	-	-	-	-	167,316	848,519	1,015,835
Payments to Cities	-	12,035	225,147	2,865,350	93,750	-	-	3,196,282
Payments to County	-	-	193,242	73,618	92,129	-	-	358,989
Various Transportation Projects	-	10,922,237	4,191,412	1,642,930	-	3,855	261,709	17,022,144
Other	25,382	-	140,392	111,368	-	57,348	507	334,997
<b>Total</b>	<b>\$ 627,010</b>	<b>\$ 10,934,272</b>	<b>\$ 7,198,421</b>	<b>\$ 4,892,375</b>	<b>\$ 185,879</b>	<b>\$ 231,047</b>	<b>\$ 1,110,736</b>	<b>\$ 25,179,739</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**C. Interfund receivables, payables, and transfers**

The composition of interfund balances within the primary government as of June 30, 2023 was as follows:

**1. Due from/to other funds**

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

	Due to other funds									Total
	Governmental funds					Proprietary funds				
	General Fund	Commission Sales Tax Project Fund	Capital Project Fund	Commission Debt Service Fund	General Service Fund	Debt Service Fund	Nonmajor Governmental Fund	SR 125 Toll Road Fund	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ 15,947	\$ -	\$ -	\$ -	\$ -	\$ 16,091	\$ 117,943	\$ 20,752	\$ 170,733
Capital Project Fund	-	19,653,978	-	-	-	-	-	-	-	19,653,978
General Service Fund	51,391	1,829,860	-	-	-	-	1,388,048	-	-	3,269,299
Nonmajor Governmental Fund	-	-	-	-	1,276,000	-	-	-	-	1,276,000
SR 125 Toll Road Fund	-	-	374,907	228	406,674	7,350	-	-	-	789,159
Nonmajor Enterprise Fund	5,842,712	-	-	-	120,786	-	-	1,190	-	5,964,688
<b>Total</b>	<b>\$ 5,894,103</b>	<b>\$21,499,785</b>	<b>\$ 374,907</b>	<b>\$ 228</b>	<b>\$ 1,803,460</b>	<b>\$ 7,350</b>	<b>\$ 1,404,139</b>	<b>\$ 119,133</b>	<b>\$ 20,752</b>	<b>\$ 31,123,857</b>

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 \$293,206 as due to SANDAG at June 30, 2023. These charges were related to payroll expenses and credit card purchases.

**3. Transfers in/out**

Transfers in and out by fund for the fiscal year ended June 30, 2023, were as follows:

	Transfers Out									Total
	Governmental Funds					Proprietary Funds				
	General Fund	Commission Sales Tax Projects Fund	Capital Projects Fund	Commission Debt Service Fund	General Services Fund	SANDAG Debt Service Fund	Nonmajor Government Funds	SR 125 Toll Road Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 478,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,930
Commission Sales Tax Projects Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	2,300,500	94,552,776	-	-	-	2,289,033	-	1,468,467	61,617	100,672,393
Commission Debt Service Fund	-	114,807,144	-	-	-	-	-	-	-	114,807,144
General Services Fund	9,577,157	21,078,250	310,889	-	-	-	1,107,370	-	10,800	32,084,466
SANDAG Debt Service Fund	-	-	174,272,731	-	-	-	-	-	-	174,272,731
Nonmajor Government Funds	-	-	-	-	1,276,000	-	-	-	-	1,276,000
<b>Total</b>	<b>\$ 11,877,657</b>	<b>\$ 230,917,100</b>	<b>\$ 174,583,620</b>	<b>\$ 24,438,459</b>	<b>\$ 1,276,000</b>	<b>\$ 2,289,033</b>	<b>\$ 1,107,370</b>	<b>\$ 1,468,467</b>	<b>\$ 4,572,417</b>	<b>\$ 452,530,123</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**3. Transfers in/out (continued)**

***Transfers to the general services fund:***

- From the general fund \$8,698,939 was transferred for projects that were budgeted to receive TDA funds and \$878,218 for projects that were budgeted to receive member assessments.
- Transfers of \$21,078,250 for the *TransNet* grant program and overall work program projects budgeted to receive *TransNet* funds.
- The SAFE fund transferred \$1,107,370 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 capital projects fund totaling \$174,583,620 consisted of \$310,889 to the general services fund for the State of the Commute project and \$174,272,731 for bond principal and interest payments.
- The I-15 Fastrak fund transferred \$10,800 to the general services fund for budgeted operating projects.

***Transfers to the capital projects fund:***

- Transfers of \$2,300,500 from the general fund for budgeted TDA and contingency.
- Transfers of \$94,552,776 for capital projects budgeted to receive *TransNet* funds.
- Transfers of \$2,289,033 from GANS for the Mid-Coast project.

***Transfers from the Commission sales tax projects fund:***

To the general fund:

- \$478,930 for one-half of the Board expenses budgeted to receive *TransNet* funds.

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

- Transfer of \$114,807,144 in *TransNet* sales tax revenue for bond and commercial paper principal and interest payments.

***Transfers from the Commission debt service fund:***

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

- \$2,130,269 of bond and commercial paper repayments for the County of San Diego and cities of Del Mar, Imperial Beach, La Mesa, Oceanside, and Santee.
- \$21,512,402 of bond proceeds used to fund *TransNet*-eligible capital projects.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**3. Transfers in/out (continued)**

- \$148,000 of commercial paper proceeds issued to the City of Imperial Beach for TransNet-eligible projects.
- \$647,761 related to surplus funds transferred to the sales tax project account when closing the 2021A short-term notes investment account.
- \$27 related to debt investment fee allocation to the various programs in the sales tax project fund.

**Transfers from nonmajor enterprise fund** - The I-15 FasTrak fund transferred \$4,561,617 to swap *TransNet* funds to fund the I-15 *Rapid* operations and maintenance and for Fiber Optic Information Network Gap Closure project.

**Transfers from the SR 125 fund** totaling \$1,468,467 to the capital projects fund for the design and construction of the SR11 Otay Mesa East Port of Entry, for design and construction of the SR 125 connectors southbound to westbound SR 905, to match federal funds on the Joint Transportation Operations Center, for Fiber Optic Information Network Gap Closure project, and for the Contracts Management System upgrade project.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**D. Capital assets**

**1. Primary government – governmental activities**

Capital asset activity for the primary government-governmental activities for the year ended June 30, 2023 was as follows:

Governmental activities:	Beginning Balance (as restated)*	Increases	Decreases	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Construction-in-progress	\$ 508,389,849	\$ 142,157,713	\$ (273,979,216)	\$376,568,346
Land	36,263,570	15,634,664	-	51,898,234
Easements	57,149,163	1,207,348	-	58,356,511
Total capital assets, not being depreciated	601,802,582	158,999,725	(273,979,216)	\$486,823,090
<b>Capital assets, being depreciated:</b>				
Infrastructure	-	255,806,868	(255,806,868)	-
Office equipment	545,443	108,921	(10,580)	643,784
Computer equipment	8,969,928	183,220	-	9,153,148
Equipment and Other	1,634,482	-	-	1,634,482
Vehicles	8,891,644	209,234	(219,862)	8,881,016
Buses	56,277	-	(56,277)	-
Leasehold improvements	504,729	-	-	504,729
Buildings	5,090,356	1,217,750	-	6,308,106
Right-to-use leased vehicles	60,092	-	-	60,092
Right-to-use leased buildings*	8,938,090	727,433	-	9,665,523
Subscription right-to-use assets	909,149	-	-	909,149
Land improvements	5,275	112,586	-	117,861
Total capital assets, being depreciated	35,605,465	258,366,012	(256,093,587)	\$37,877,891
<b>Less accumulated depreciation for:</b>				
Office equipment	(176,035)	(112,371)	10,580	(277,826)
Computer equipment	(8,561,559)	(356,592)	-	(8,918,151)
Equipment and Other	(948,828)	(206,944)	-	(1,155,772)
Vehicles	(5,406,639)	(1,544,029)	219,862	(6,730,806)
Buses	(55,104)	(1,172)	56,276	-
Buildings	(537,105)	(118,044)	-	(655,149)
Leasehold improvements	(282,229)	(60,000)	-	(342,229)
Right-to-use leased vehicles	(27,735)	(27,735)	-	(55,470)
Right-to-use leased buildings	(3,917,919)	(3,917,919)	-	(7,835,838)
Subscription right-to-use assets*	-	(195,006)	-	(195,006)
Land Improvements	(3,605)	(16,067)	-	(19,672)
Total accumulated depreciation	(19,916,758)	(6,555,879)	286,718	(26,185,918)
Total capital assets, being depreciated, net	15,688,708	251,810,133	(255,806,869)	11,691,973
<b>Governmental activities capital assets, net</b>	<b>\$ 617,491,290</b>	<b>\$ 410,809,858</b>	<b>\$ (529,786,085)</b>	<b>\$ 498,515,063</b>

\*Additional information on SANDAG's adoption of the SBITA can be found in Note I.E22 in the notes to the basic financial statements of this report.

\*\*Decrease in construction-in-progress includes amounts contributed to other agencies and amounts capitalized in current fiscal year, \$255,806,868 and \$18,172,348, respectively.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. Primary government – governmental activities (continued)**

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

Governmental activities:	Totals
General government	\$ 4,597,935
Modeling & Research	9,041
Sustainable mobility programs and services	1,673,153
Major corridor projects	275,750
<b>Total</b>	<b><u>\$ 6,555,879</u></b>

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	\$ 1,160,809
San Diego Metropolitan Transit System	14,246,575
Caltrans	69,480,470
City of San Diego	5,255,218
City of Santee	792,220
City of Encinitas	11,604,826
CA State Parks	191,462
County of San Diego	59,661,737
UCSD	35,854,640
CA Department of Fish & Wildlife	57,558,911
<b>Total</b>	<b><u>\$ 255,806,868</u></b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**2. Primary government – business-type activities**

Capital asset activity for the proprietary fund for the year ended June 30, 2023 was as follows:

Business-type activities:	Beginning Balance (as restated) *	Increases	Decreases	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Construction-in-progress	\$ -	\$ 3,901,592	\$ (3,866,662)	\$ 34,930
Land	1,980,000	-	-	1,980,000
Total capital assets, not being depreciated	1,980,000	3,901,592	(3,866,662)	2,014,930
<b>Capital assets, being depreciated:</b>				
Office equipment	280,491	-	-	280,491
Computer equipment	1,029,620	36,313	(14,986)	1,050,947
Vehicles	643,867	159,774	(8,870)	794,771
Equipment and other	174,267	-	(92,086)	82,181
Internally generated software	226,676	-	-	226,676
Toll road	410,422,773	-	-	410,422,773
Roadway Service and Tolling System	12,764,693	1,792,396	-	14,557,089
Back Office System	6,180,699	1,097,588	-	7,278,287
Buildings	4,020,000	-	-	4,020,000
Electronic toll collection system	17,029,640	631,554	-	17,661,194
Subscription right-to-use assets*	43,350	-	-	43,350
Total capital assets, being depreciated	452,816,076	3,717,625	(115,942)	456,417,759
<b>Less accumulated depreciation for:</b>				
Office equipment	(266,214)	(6,993)	-	(273,207)
Computer equipment	(971,234)	(35,275)	14,986	(991,523)
Vehicles	(575,661)	(62,150)	8,870	(628,941)
Equipment and other	(171,169)	(1,865)	92,086	(80,948)
Internally generated software	(219,036)	(7,641)	-	(226,677)
Toll road	(138,665,670)	(14,255,558)	-	(152,921,228)
Roadway Service and Tolling System	(202,422)	(1,238,919)	-	(1,441,341)
Back Office System	(171,686)	(568,780)	-	(740,466)
Buildings	(844,200)	(80,400)	-	(924,600)
Electronic toll collection system	(3,400,877)	(1,810,249)	-	(5,211,126)
Subscription right-to-use assets*	-	(8,712)	-	(8,712)
Total accumulated depreciation	(145,488,169)	(18,076,542)	115,942	(163,448,769)
Total capital assets, being depreciated, net	307,327,907	(14,358,917)	-	292,968,990
<b>Proprietary activities capital assets, net</b>	<b>\$ 309,307,907</b>	<b>\$ (10,457,325)</b>	<b>\$ (3,866,662)</b>	<b>\$ 294,983,920</b>

\*Additional information on SANDAG's adoption of the SBITA can be found in Note I.E22 in the notes to the basic financial statements of this report.

\*\*Decreases in construction-in-progress constitutes both prepaid expenses and capital assets. These were separated at the time of recording.

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

Business-type activities:	Totals
SR 125 operations	\$ 16,266,293
Interstate 15 FasTrak operations	1,810,249
<b>Total</b>	<b>\$ 18,076,542</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**2. Primary government – business-type activities (continued)**

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, 2023 was as follows:

Discretely presented component unit	Beginning Balance (as restated)*	Increases	Decreases	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Work-in-progress	\$ 396,157	\$ 100,298	\$ (396,157)	\$ 100,298
Total capital assets, not being depreciated	396,157	100,298	(396,157)	100,298
<b>Capital assets, being depreciated:</b>				
Computer equipment	1,741,637	471,261	-	2,212,898
Internally generated computer software	10,239,566	7,811	-	10,247,377
Subscription right-to-use assets*	600,666	-	-	600,666
Total capital assets, being depreciated	12,581,869	479,072	-	13,060,941
<b>Less accumulated depreciation for:</b>				
Computer equipment	(1,649,753)	(154,356)	-	(1,804,109)
Internally generated computer software	(10,216,693)	-	-	(10,216,693)
Subscription right-to-use assets*	-	(100,111)	-	(100,111)
Total accumulated depreciation	(11,866,446)	(254,467)	-	(12,120,913)
Total capital assets, being depreciated, net	715,423	224,605	-	940,028
<b>Total capital assets, net</b>	<b>\$ 1,111,580</b>	<b>\$ 324,903</b>	<b>\$ (396,157)</b>	<b>\$ 1,040,326</b>

\* Restated due to implementation of GASB 96

**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:



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. 2008 interest rates swap**

**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.

**Objective and terms of hedging derivative instruments**

The following table displays the objective and terms of SANDAG hedging derivative instruments outstanding at June 30, 2023 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	7/13/2023	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	7/13/2023	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	7/13/2023	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, 2023, classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. 2008 interest rates swap (continued)**

Governmental activities	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges: Pay-fixed interest rate swaps	Deferred inflow	(\$13,347,327)	Debt	\$13,187	\$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, 2023. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps. The fair value does not include the contractual swap termination payment of \$24,167,590 due on July 13, 2023.

**Credit risk.** This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2023, 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 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, 2023, Bank of America was rated Aa2 by Moody's and A+ by Standard & Poor's; and Goldman Sachs Mitsui Marine Derivative Products was rated Aa2 by Moody's and A+ by Standard & Poor's; and Goldman Sachs Mitsui Marine Derivative Products was rated Aa2 by Moody's and AA- by Standard and 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. During fiscal year 2023, 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

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**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. 2008 interest rates swap (continued)**

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.

**Future Termination.** On June 27, 2023, SANDAG entered into a forward termination on the fixed payor swap with Bank of America and Goldman Sachs, to be fully terminated on July 13, 2023 with SANDAG paying \$24,167,590 to the swap counter parties. SANDAG used proceeds from the Barclays basis swap termination to majority fund the payment.

**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.

**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, 2022 through June 30, 2023 are as follows:

Bondholder	Commission Pays Weekly Reset Rates	
	Low	High
Barclays Bank	45.00%	3.75%
Goldman, Sachs & Co.	45.00%	3.75%
JP Morgan Securities, Inc.	48.00%	3.50%
Stifel, Nicolaus & Company	48.00%	3.75%

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.

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**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. 2008 interest rates swap (continued)**

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, 2022, through June 30, 2023.

Swap Counterparty	Commission Receives 65% LIBOR		Commission Receives SIFMA		Commission Pays
	Low	High	Low	High	Fixed
Bank of America	1.11354%	3.36078%	N/A	N/A	3.410%
Bank of America	N/A	N/A	0.82645%	3.48967%	3.8165%
Goldman Sachs Mitsui Marine Derivative Products	N/A	N/A	0.82645%	3.48967%	3.8165%

**Actual debt service requirements versus the projected debt service on the swap transaction.** For the fiscal year ending June 30, 2023, 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 \$1,895,712 for fiscal year 2023:

Swap Counterparty	Actual Debt Service	Projected Debt Service	Variance	
			\$	%
Bank of America	\$ 3,887,067	\$ 4,537,573	\$ (650,506)	-14.3360%
Bank of America	4,429,677	5,078,489	(648,812)	-12.7757%
Goldman Sachs Mitsui Marine Derivative Products	4,482,095	5,078,489	(596,394)	-11.7435%
<b>Totals</b>	<b>\$ 12,798,839</b>	<b>\$14,694,551</b>	<b>\$ (1,895,712)</b>	<b>-12.9008%</b>

Over the life of the swaps from the issuance of the bonds through June 30, 2023, 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 \$294,285. 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 37 basis points, the Series C bonds is 30 basis points, and the SBPA cost for the Series D bonds is 35 basis points.

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**For the year ended June 30, 2023**

**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 were \$140,100,000 each. 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).

**Termination.** On June 27th, 2023, the basis swap between Barclays and SANDAG was terminated. On July 11, 2023, SANDAG received \$17,677,904 as part of the termination agreement which was used to majority fund the termination of the fixed-pay interest rate swaps. This is presented in the accompanying statement of net position as a swap termination payment receivable.

**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, 2023:

General Government	June 30, 2023	Fair Value Measurements		
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
U.S. Agencies	\$ 251,893,702	\$ 187,230,104	\$ 64,663,598	\$ -
Corporate Medium-Term Notes	66,172,639	-	66,172,639	-
Supranational Agency Bonds/Notes	17,521,010	-	17,521,010	-
Total investments by fair value level	335,587,351	187,230,104	148,357,247	-
<b>Derivative instruments</b>				
Interest rate swaps	\$ 13,187		\$ 13,187	
<b>Total derivative instruments</b>	<b>\$ 13,187</b>		<b>\$ 13,187</b>	

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 \$13,187.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**G. Long-term debt**

**1. The 2008 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.

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
2024	\$ 19,200,000	\$ 10,438,695	\$ 13,187	\$ 10,451,882
2025	20,100,000	9,903,536	-	9,903,536
2026	21,000,000	9,343,582	-	9,343,582
2027	21,300,000	8,762,966	-	8,762,966
2028	22,500,000	8,167,886	-	8,167,886
2029-2033	126,300,000	30,950,359	-	30,950,359
2034-2038	153,300,000	11,961,521	-	11,961,521
<b>Total</b>	<b>\$ 383,700,000</b>	<b>\$ 89,528,545</b>	<b>\$ 13,187</b>	<b>\$ 89,541,732</b>

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

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**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**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 5.91 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, SANDAG fully refunded \$4,765,000 of the 2010 Series B bonds with the issuance of the 2020 Bonds.

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
2024	\$ -	\$ 13,423,068
2025	-	13,423,068
2026	-	13,423,068
2027	-	13,423,068
2028	-	13,423,068
2029-2033	-	67,115,342
2034-2038	-	67,115,342
2039-2043	153,555,000	55,411,737
2044-2048	185,405,000	22,579,355
<b>Total</b>	<b>\$ 338,960,000</b>	<b>\$ 279,337,116</b>

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

**3. 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

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**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**3. The 2014 Series A bonds (continued)**

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, SANDAG partially refunded \$155,335,000 of 2014 Series A bonds with the issuance of the 2019 Series A bonds.

On March 25, 2021, SANDAG partially refunded \$146,365,000 of 2014 Series A bonds with the issuance of the 2021 Series A and B Bonds.

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

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ 6,460,000	\$ 323,000
<b>Total</b>	<b>\$ 6,460,000</b>	<b>\$ 323,000</b>

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

**4. 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 \$78,818,562 and carry an overall all-in interest rate of 3.28 percent with a maturity date of April 1, 2048.

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



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**4. The 2016 Series A bonds (continued)**

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ 6,105,000	\$ 14,563,250
2025	6,410,000	14,258,000
2026	6,730,000	13,937,500
2027	7,065,000	13,601,000
2028	7,420,000	13,247,750
2029-2033	43,035,000	60,289,500
2034-2038	54,935,000	48,399,500
2039-2043	70,100,000	33,223,000
2044-2048	89,465,000	13,856,000
<b>Total</b>	<b><u>\$ 291,265,000</u></b>	<b><u>\$ 225,375,500</u></b>

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

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

On June 27, 2017, SANDAG entered in 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's plan was to issue short-term financing during the period of project construction and use the TIFIA loan proceeds to repay the short-term borrowing.

On January 14, 2021, SANDAG renegotiated the terms of the loan with the U.S. Department of Transportation to reduce the annual interest rate from 2.72 percent to 1.75 percent with anticipated disbursement of loan proceeds in fiscal year 2023 to repay the 2021 short-term notes.

On October 1, 2022, the Commission disbursed \$537,484,439 of loan proceeds to repay the 2021 Series A short-term notes. At June 30, 2023, there was an outstanding obligation of \$561,831,833 due and there is no unused portion. Under the terms of the agreement \$24,347,394 of interest will be accrued from October 1, 2022 to April 1, 2025 and will be repaid as principal.

The principal requirements to maturity for the 2021 TIFIA Loan (including \$24,347,394 of interest to be repaid as principal), are as follows:

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**Notes to the Basic Financial Statements, Continued**  
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**5. The 2017 Transportation Infrastructure Finance and Innovation Act loan (Direct Borrowing)**  
*(continued)*

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ -	\$ -
2025	-	-
2026	12,022,385	9,781,016
2027	13,180,029	9,565,630
2028	14,374,679	9,342,436
2029-2033	92,358,901	42,308,264
2034-2038	132,645,301	32,720,579
2039-2043	183,107,013	19,208,211
2044-2046	114,143,525	3,054,786
<b>Total</b>	<b><u>\$ 561,831,833</u></b>	<b><u>\$ 125,980,922</u></b>

Under GASB 88, the TIFIA loan is classified as a direct borrowing. The full line of credit balance of \$537,484,439 is used at June 30, 2023. 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.

**6. 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 3.19 percent with a maturity date of April 1, 2048.

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

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**Notes to the Basic Financial Statements, Continued**  
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**6. The 2019 Series A bonds (continued)**

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ 6,640,000	\$ 13,498,629
2025	6,585,000	13,370,743
2026	6,570,000	13,233,445
2027	7,185,000	13,089,891
2028	6,940,000	12,926,145
2029-2033	38,525,000	61,952,384
2034-2038	43,825,000	56,131,237
2039-2043	139,825,000	44,069,102
2044-2048	180,090,000	17,922,464
<b>Total</b>	<b>\$ 436,185,000</b>	<b>\$ 246,194,040</b>

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, SANDAG 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.

**7. 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 2.62 percent with a maturity date of April 1, 2048.

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

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ 1,785,000	\$ 3,310,500
2025	1,880,000	3,221,250
2026	1,965,000	3,127,250
2027	2,065,000	3,029,000
2028	2,145,000	2,946,400
2029-2033	10,865,000	13,088,250
2034-2038	12,680,000	10,273,250
2039-2043	16,175,000	6,771,250
2044-2048	20,395,000	2,551,550
<b>Total</b>	<b>\$ 69,955,000</b>	<b>\$ 48,318,700</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
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**7. The 2020 Series A bonds (continued)**

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

**8. The 2021 Series A and B bonds**

On March 25, 2021, SANDAG issued \$265,990,000 2021 Series A and B sales tax revenue bonds to finance costs associated with Major Corridor Capital Projects, to refund \$146,365,000 of the 2014 Series A bonds, and to pay the costs of issuing the 2021 Series A and B bonds. The federally taxable 2021 Series A bonds totaled \$149,840,000 were issued at par and carry an overall all-in

interest rate of 2.21 percent with a maturity date of April 1, 2039. The subordinate 2021 Series B bonds totaled \$116,150,000 and included a premium of \$36,072,813 and carry an overall all-in interest rate of 2.72 percent with a maturity date of April 1, 2048.

The advance refunding of the 2014 Series B bonds resulted in a reduction of total debt service payments over the period from 2021 to 2039 by \$23,767,676 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$21,716,799.

The principal requirements to maturity for the 2021 Series A bonds, are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ -	\$ 2,968,100
2025	9,660,000	2,968,100
2026	8,915,000	2,887,342
2027	9,010,000	2,794,983
2028	9,135,000	2,669,293
2029-2033	48,120,000	10,902,924
2034-2038	53,500,000	5,520,665
2039	11,500,000	300,495
Total	<u>\$ 149,840,000</u>	<u>\$ 31,011,902</u>

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**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**8. The 2021 Series A and B bonds (continued)**

The principal requirements to maturity for the 2021 Series B bonds, are as follows:

Maturity (April 1, Oct 1)	Principal Amount	Interest Amount
2024	\$ -	\$ 5,807,500
2025	-	5,807,500
2026	3,240,000	5,807,500
2027	3,400,000	5,645,500
2028	3,570,000	5,475,500
2029-2033	20,710,000	24,514,750
2034-2038	26,430,000	18,793,750
2039-2043	26,700,000	11,997,000
2044-2048	32,100,000	4,971,250
Total	\$ 116,150,000	\$ 88,820,250

Under GASB 88, the 2021 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, shall SANDAG immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held or thereafter received by the Trustee under any of the provision of the Indenture.

**9. The 2021 short-term notes**

On March 23, 2021, SANDAG issued \$537,480,000 2021 Series A subordinate sales tax revenue short-term notes (2021 short-term notes) to retire \$537,480,000 of the 2018 short-term notes which were issued to finance costs associated with the Mid-Coast Corridor Transit Project, in advance of the TIFIA loan. A portion of the issuance was also used to pay the costs of issuing the series 2021 short-term notes. The 2021 short-term notes included a premium of \$36,149,667 and carries an overall all-in interest rate of 0.31 percent with a maturity date of October 1, 2022.

On October 1, 2022, the Commission fully refunded \$537,480,000 of 2021 Series A short-term notes drawing upon the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement.

Under GASB 88, the 2021 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, SANDAG shall immediately transfer to the Trustee all revenues held by it and the Trustee shall apply all revenues and any other funds then held SANDAG thereafter received by the Trustee under any of the provision of the Indenture.

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**For the year ended June 30, 2023**

**10. The 2022 Revolving Notes**

On March 24, 2022, the Commission entered into a Revolving Credit Agreement dated March 1, 2022 and issued \$1,000,000 Series I subordinate sales tax revenue revolving notes (2022 revolving notes) for lending to the Commission up to \$100,000,000 to fund various transportation facility and service improvements within the County of San Diego. The Series I revolving notes bear interest at a rate equal to the SIFMA Index Rate while funds are available on a revolving basis through the date of September 23, 2024.

The principal requirements to maturity for the 2022 revolving notes, are as follows:

Maturity (September)	Principal Amount	Interest Amount
2024	\$ -	\$ 35,700
2025	1,000,000	35,700
<b>Total</b>	<b>\$ 1,000,000</b>	<b>\$ 71,400</b>

Under GASB 88, the 2022 Series I Revolving Notes are classified as direct borrowing. The line of credit balance of \$99,000,000 is unused at June 30, 2023. Sales tax revenues are pledged as collateral for these notes.

Upon the occurrence of any Event of Default, the Bank may take one or more of the following actions at any time and from time to time:

- (a) By written notice to the Commission, terminate the obligation of the Bank to make any new Revolving Loans to the Commission;
- (b) By written notice to the Commission and the Trustee direct a mandatory redemption of the Loans and Note pursuant to the Fourth Supplement;
- (c) Either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligations, agreement or covenant of the Commission under the Related Documents, whether for specific performance of any agreement or covenant of the Commission or in aid of the execution of any power granted to the Bank in the Related Documents;
- (d) Cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; provided, however, that the Bank shall have no obligation to effect such a cure; and
- (e) Exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**11. 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 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 \$627,864,830 has been received by SANDAG. SANDAG expects to receive the remaining balance of \$415,515,170 in installments over the six-year period from federal fiscal year (FFY) 2021 to FFY 2026. The 2019 Capital Grant Receipts Revenue bonds are to be fully repaid by grant receipts received from the FTA.

In November 2022, SANDAG exercised its option to redeem \$48,630,000 of the series 2019A capital grant receipts revenue bonds maturing on November 15, 2023.

In March 2023, SANDAG deposited funds as part of an escrow agreement for the purpose of defeasing \$106,885,000 principal amount representing a portion of the outstanding principal of the 2019B Bonds scheduled to mature on November 15, 2027. The funds will remain in escrow until used to redeem the defeased 2019B bonds on May 15, 2023.

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

Maturity (Nov 15, May 15)	Principal Amount	Interest Amount
2024	\$ -	\$ 8,394,570
2025	51,125,000	7,116,445
2026	53,745,000	4,494,695
2027	56,500,000	1,738,570
2028	18,115,000	163,035
<b>Total</b>	<b>\$ 179,485,000</b>	<b>\$ 21,907,315</b>

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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**12. 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 August 26, 2021, 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 30 basis points and are set to expire on August 26, 2024.

At June 30, 2023, the balance of notes issued and outstanding was \$46,164,000. Interest rates during the current year have varied from 0.20 percent to 3.55 percent, with maturities from 1 day to 92 days. The interest rate on the outstanding amount at June 30, 2023, was 3.10 percent with a maturity of 92 days. 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.

The scheduled principal requirements to maturity for the CPN are as follows:

Scheduled Repayment	Principal Amount	Interest Amount
2024	\$ 1,647,000	\$ 27,807
2025	3,157,000	829,777
2026	6,834,000	775,310
2027	6,734,000	608,406
2028	6,783,000	446,152
2029-2033	17,459,000	283,929
2034-2035	3,550,000	-
<b>Total</b>	<b>\$ 46,164,000</b>	<b>\$ 2,971,381</b>

Under GASB 88, the commercial paper notes are classified as direct borrowings. The line of credit balance of \$53,836,000 is unused at June 30, 2023. 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. Exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**12. Commercial Paper Notes (Direct Borrowing) (continued)**

- b. From and after the occurrence and during the continuance of an Event of Default, all amounts owing to the Bank and all amounts owing to the Noteholders hereunder and amounts owing on the Note and the Loans, as applicable and without duplication shall bear interest at the Default Rate, payable on demand.

**13. The 2017 Series A Toll Revenue Bond**

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
2024	\$ 5,265,000	\$ 8,490,625
2025	5,535,000	8,220,625
2026	5,820,000	7,936,750
2027	6,120,000	7,638,250
2028	6,435,000	7,324,375
2029 - 2033	37,470,000	31,320,750
2034 - 2038	48,115,000	20,676,125
2039 - 2043	57,685,000	7,108,875
<b>Total</b>	<b>\$ 172,445,000</b>	<b>\$ 98,716,375</b>

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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**14. Changes in long-term debts**

For the year ended June 30, 2023, long-term debt activity for the governmental activities, was as follows:

Governmental activities	Beginning Balance July 1, 2022 (as restated)*	Additions	Reductions	Ending Balance June 30, 2023	Due Within One Year
<b>Senior lien debt:</b>					
2008 bonds	\$ 402,300,000	\$ -	\$ (18,600,000)	\$ 383,700,000	\$ 19,200,000
2010 A bonds	338,960,000	-	-	338,960,000	-
2014 bonds	12,615,000	-	(6,155,000)	6,460,000	6,460,000
2016 bonds	297,075,000	-	(5,810,000)	291,265,000	6,105,000
2019 bonds	442,620,000	-	(6,435,000)	436,185,000	6,640,000
2020 bonds	71,660,000	-	(1,705,000)	69,955,000	1,785,000
2021 A bonds	149,840,000	-	-	149,840,000	-
2019 Grant Receipts Rev bonds	335,000,000	-	(155,515,000)	179,485,000	-
Premium, net	94,726,880	-	(13,768,154)	80,958,726	-
Total senior lien debt	2,144,796,880	-	(207,988,154)	1,936,808,726	40,190,000
<b>Subordinate lien debt:</b>					
2021 B bonds	116,150,000	-	-	116,150,000	-
2021 short-term notes	537,480,000	-	(537,480,000)	-	-
Premium	39,349,942	-	(8,036,877)	31,313,065	-
2022 Revolving Notes	1,000,000	-	-	1,000,000	-
CPN (direct borrowing)	49,876,000	148,000	(3,860,000)	46,164,000	46,164,000
Total subordinate lien debt	743,855,942	148,000	(549,376,877)	194,627,065	46,164,000
<b>Junior Subordinate lien debt:</b>					
2021 TIFIA Loan	-	537,484,439	-	537,484,439	-
Total subordinate lien debt	-	537,484,439	-	537,484,439	-
Total senior and subordinate lien debt	2,888,652,822	537,632,439	(757,365,031)	2,668,920,230	86,354,000
<b>Other liabilities:</b>					
Compensated absences payable	4,012,467	5,513,030	(5,177,938)	4,347,560	4,347,560
Leases	5,192,517	727,433	(4,028,311)	1,891,639	1,545,821
Subscription-based liabilities*	909,149	-	(176,963)	732,186	215,330
Total other liabilities	10,114,133	6,240,463	(9,383,212)	6,971,385	6,108,711
<b>Total long-term liabilities</b>	<b>\$ 2,898,766,955</b>	<b>\$ 543,872,902</b>	<b>\$ (766,748,243)</b>	<b>\$ 2,675,891,615</b>	<b>\$ 92,462,711</b>

\*Additional information on SANDAG's adoption of the GASB 96 Subscription-based liabilities can be found in Note II.L in the notes to the basic statements of this report.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**14. Changes in long-term debts (continued)**

For the year ended June 30, 2023, long-term debt activity for the business-type activities, was as follows:

Business-type activities	Beginning Balance July 1, 2022 (As restated)*	Additions	Reductions	Ending Balance June 30, 2023	Due Within One Year
2017 Series A toll revenue bonds	\$ 177,455,000	\$ -	\$ (5,010,000)	\$ 172,445,000	\$ 5,265,000
Premium	26,922,015	-	(2,253,082)	24,668,933	-
Total senior lien bonds	204,377,015	-	(7,263,082)	197,113,933	5,265,000
<b>Other liabilities:</b>					
Compensated absences payable	278,759	549,830	(535,193)	293,396	293,396
Claims payable	1,518,416	-	(1,518,416)	-	-
Subscription-based liabilities*	43,350		(7,974)	35,376	12,317
Total other liabilities	1,840,525	549,830	(2,061,583)	328,772	305,713
<b>Total long-term liabilities</b>	<b>\$ 206,217,540</b>	<b>\$ 549,830</b>	<b>\$ (9,324,665)</b>	<b>\$ 197,442,705</b>	<b>\$ 5,570,713</b>

\*Additional information on SANDAG's adoption of the GASB 96 Subscription-based liabilities can be found in Note II.L in the notes to the basic statements of this report.

**15. 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 \$2,859,244,607 for payments through fiscal year 2048. The future toll revenues are pledged for debt service requirements totaling \$271,161,375 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 2023 Amount of Pledged Revenue	Fiscal Year 2023 Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Sales Tax	\$ 426,513,882	\$ 129,512,067	30.37%
Toll Revenue	28,454,659	13,887,250	48.80%

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**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 \$227,280,965. 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 (SIR) for Bodily Injury, Property Damage, Public Official Errors and Omissions, Employment Practices Liability, and Personal Injury (including General Liability and Automobile Liability) claims of \$500,000 per occurrence. Amounts in excess of the SIR are covered by commercial excess insurance up to \$50,000,000. SANDAG purchases “all risk” insurance for damage to its property up to \$35,751,538 for the SANDAG main location and off-site construction offices with a per occurrence deductible of \$10,000; and up to \$200,000,000 for the SR 125 toll road and acquired property with a per occurrence deductible of \$50,000. In addition, SANDAG has insurance policies for costs arising from employee Workers’ Compensation claims, Auto Physical Damage, Mexican Auto Liability, Foreign Liability, and Cyber Liability.

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, 2023 was \$0. Claim payments have not exceeded insurance coverage for each of the past three fiscal years. Payment of settlement occurred in July of 2022.

	2023	2022
Claims payable, beginning of the year	\$ 1,518,416	\$ 1,750,000
Current year claims payments	(1,518,416)	(231,584)
Claims payable, end of the year	\$ -	\$ 1,518,416

**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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. Encumbrances (continued)**

As of June 30, 2023, the encumbrance balances for the governmental funds are reported as follows:

General Government	Fund Balance		
	Restricted	Unassigned	Total
General Fund	\$ -	\$ 3,085,654	\$ 3,085,654
Commission Sales Tax Projects Fund	21,966,464	-	21,966,464
Capital Projects Fund	-	1,508,565,401	1,508,565,401
Nonmajor Funds	-	29,782,628	29,782,628
<b>Total Commitments</b>	<b>\$ 21,966,464</b>	<b>\$ 1,541,433,683</b>	<b>\$ 1,563,400,147</b>

As of June 30, 2023, the encumbrance balances for the business-type funds are reported as follows:

Business-type activities	Restricted	Unrestricted	Total
SR 125	\$ 3,008,597	\$ -	\$ 3,008,597
Interstate 15 FasTrak	1,880,151	-	1,880,151
<b>Total Commitments</b>	<b>\$ 4,888,748</b>	<b>\$ -</b>	<b>\$ 4,888,748</b>

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. Contingencies**

SANDAG is subject to certain contingencies, including potential liabilities related to pending claims and disputes. While the outcome of these matters is uncertain, management believes that it is reasonably possible that SANDAG may incur losses. However, based on currently available information, management is unable to estimate the potential loss or range of losses that may result from these contingencies. Accordingly, no provision for losses have been recorded in the accompanying financial statements.

**K. Leases**

**1. Lease receivable**

In July 2007, SANDAG began leasing property to a third party to conduct their business. The lease is terminated on July 1, 2022. The lease is now on a month-to-month basis and SANDAG will receive monthly payments of \$6,500. SANDAG recognized \$6,500 in lease revenue during the current fiscal year related to this lease and has a receivable and deferred inflow of resources associated with the monthly lease payments of \$6,500 as of June 30, 2023.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. Lease receivable (continued)**

Beginning in December 2022, SANDAG began leasing property to a third party to conduct their business. The lease is for three years and SANDAG will receive monthly payments of \$50,500. SANDAG recognized \$330,155 in lease revenue and \$37,252 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, SANDAG receivable for lease payments was \$1,334,528. Also, SANDAG has a deferred inflow of resources associated with

this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$1,320,621.

Beginning in December 2022, SANDAG began leasing property to a third party to conduct their business. The lease term is from December 2022 to July 2025. SANDAG will receive base rent monthly payments of \$9,565 by July 2023, \$9,852 from August 23 to July 2024, and then \$10,148 to July 2025. SANDAG recognized \$65,000 in lease revenue and \$6,664 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, SANDAG receivable for lease payments was \$236,850. Also, SANDAG has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$232,143.

Beginning in January 2019, SANDAG began leasing property to a third party to conduct their business. The lease is for five years and SANDAG received monthly payments of \$31,867 until substantial completion of the Mid-Coast Blue Line Trolley project in August 2021. SANDAG then received monthly payments of \$67,540. SANDAG recognized \$773,296 in lease revenue and \$15,858 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, SANDAG receivable for lease payments was \$202,253. Also, SANDAG has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$193,324.

Beginning in 2014, SR-125 entered a contract to lease a parcel of land for a cell tower to a third party. The lease is for thirty years, with an initial five-year term and five auto-renewal periods of five-year terms. SR 125 received monthly payments of \$2,500 at the commencement of the lease term in 2014, increasing 3% each year. SR-125 recognized \$38,295 of lease revenue and \$21,597 of interest revenue during the current fiscal year related to this lease. As of June 30, 2023, SR-125's receivable for lease payments was \$855,000. Also, SR-125 has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$811,211.

**2. Lease payable**

Over the course of September 2017 to April 2018, SANDAG entered eight five-year lease contracts to acquire vehicles for its subrecipients' use for the purpose of transporting senior and disabled passengers. As of June 30, 2023, the value of the lease liability was \$816. SANDAG is required to make monthly principal and interest payments of \$3,636 by September 2022, \$831 from October 2022 to February 2023, and then \$405 to August 2023. The lease has an interest rate of 2.5%. The vehicles have a five-year useful life. The net book value of the right-to-use asset as of the end of the current fiscal year was \$4,622 and had accumulated amortization of \$55,470.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**2. Lease payable (continued)**

Beginning in October 2019, SANDAG entered a five-year lease amendment as lessee for an original contract for office space to conduct business operations in downtown San Diego. As of June 30, 2023, the value of the lease liability was \$1,744,443. SANDAG is required to make monthly principal and interest payments of \$324,990 by September 2022 and \$339,130 from October 2022 to January 2023. Then, SANDAG is required to make monthly principal and

interest payments of \$339,627 to September 2023. The lease has an interest rate of 2.5%. The net book value of the right-to-use asset as of the end of the current fiscal year was \$1,690,898 and had accumulated amortization of \$7,707,727.

Beginning in June 2020, SANDAG entered into a five-year lease agreement as lessee for the acquisition and use of office space for its satellite office. As of June 30, 2023, the value of the lease liability was \$146,380. SANDAG is required to make monthly principal and interest payments of \$5,502 by May 2023. Then, SANDAG is required to make monthly principal and interest payments of \$51667 to May 2024. The lease has an interest rate of 2.5%. The net book value of the right-to-use asset as of the end of the current fiscal year was \$138,787 and had accumulated amortization of \$128,111.

The total future principal and interest lease payments for SANDAG as of June 30, 2023, were as follows:

<b>Future Minimum Operating Lease Payments</b>			
<b>Fiscal year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	1,545,821	\$ 15,433	\$ 1,561,254
2025	333,682	2,915	336,597
2026	12,136	38	12,174
<b>Total</b>	<b>\$ 1,891,639</b>	<b>\$ 18,386</b>	<b>\$ 1,910,025</b>

**L. Subscription-Based Information Technology Arrangements (SBITA)**

SANDAG entered noncancellable SBITAs with various vendors for the intangible right-to-use SBITA assets. The SBITA terms include the noncancellable period per the contract plus/minus any extension options or termination options SANDAG is reasonably certain to exercise. Please refer to the table in note II.J for the SBITA increases and decreases during the fiscal year. SANDAG recognized an initial right-to-use SBITA assets of \$909,149, less accumulated amortization of \$195,006, for a right-to-use assets of \$714,143 for governmental activities at June 30, 2023. SANDAG recognized an initial right-to-use SBITA assets of \$43,350, less accumulated amortization of \$8,712, for a right-to-use assets of \$34,638 for business-type activities at June 30, 2023. The discount rate applied to SBITAs is 4% to 5% during the fiscal year. Using this discount rate, SANDAG recognized an initial SBITA liability of \$909,149 and \$43,350, and principal SBITA payments of \$176,963 and \$7,974, for governmental and business-type activities respectively. The principal SBITA payments reduced the SBITA liability to \$732,186 and \$35,376 for governmental and business-type activities respectively at June 30, 2023.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**L. Subscription-Based Information Technology Arrangements (SBITA) (Continued)**

The future principal and interest payments as of June 30, 2023 are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 215,330	\$ 31,721	\$ 12,317	\$ 1,490
2025	205,366	20,961	11,888	864
2026	181,374	11,434	10,057	330
2027	128,234	3,512	1,114	5
2028	1,882	25	-	-
<b>Total</b>	<b>\$ 732,186</b>	<b>\$ 67,653</b>	<b>\$ 35,376</b>	<b>\$ 2,689</b>

SBITA activity for ARJIS, a discretely presented component unit, for the year ended June 30, 2023 was as follows:

Fiscal Year	Discretely Presented Component Unit (ARJIS)	
	Principal	Interest
2024	\$ 91,422	\$ 18,978
2025	98,508	15,192
2026	102,827	11,173
2027	107,322	6,978
2028	115,973	2,600
<b>Total</b>	<b>\$ 516,052</b>	<b>\$ 54,921</b>

ARJIS	Beginning Balance July 1, 2022 (As restated)*	Additions	Reductions	Ending Balance June 30, 2023	Due Within One Year
Subscription-based liabilities*	600,665		(84,613)	516,052	91,422
<b>Total long-term liabilities</b>	<b>\$ 600,665</b>		<b>\$ (84,613)</b>	<b>\$ 516,052</b>	<b>\$ 91,422</b>

**M. 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



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. Plan Description (continued)**

account. In future years, the SANDAG contribution may be subject to the CalPERS minimum required employer contribution (\$149 per month in 2022, \$151 per month in 2023 and subject to annual adjustments to reflect Medical Portion of CPI). There were no changes in the benefit terms from the prior period.

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, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the SANDAG OPEB plan:

Active employees	339
Inactive plan members or beneficiaries currently receiving benefits	83
Inactive plan members entitled to but not yet receiving benefits	-
<b>Total</b>	<b><u>422</u></b>

**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, 2023, total payments of \$716,418 were made to the CERBT as follows:

	Contributions		
	Cash Contributions	Payments to Trust and Estimated Implied Subsidy	Total Contributions
Primary Government	\$ 463,294	\$ 232,522	\$ 695,816
ARJIS	13,717	6,885	20,602
<b>Total</b>	<b><u>\$ 477,011</u></b>	<b><u>\$ 239,407</u></b>	<b><u>\$ 716,418</u></b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**4. Net OPEB Liability**

The SANDAG net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.25%
Salary Increase	2.5%, in aggregate plus Merit
Investment Rate of Return	5.50%
Mortality	Based on the assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. These table include 15 years of static mortality improvement using 90% of scale MP-2016
Healthcare cost trend rate	6.3% for FY 2022, gradually decreasing over several decades to an ultimate rate of 3.8% in FY2075 and later years

In 2022, discount rate remained at 5.5%, inflation remained at 2.25% and investment rate of return remained at 5.5%.

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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Domestic Equity - Large Cap	16.41%	4.42%
Domestic Equity - Small/Mid Cap	7.03	4.81
International Equity - Developed	11.36	4.91
International Equity - Emerging	5.20	5.58
Domestic Fixed Income	43.0	1.00
Treasury Inflation-Protected Securities ("TIPS")	5.0	0.15
Real Estate Investment Trusts ("REITS")	8.0	3.98
Commodities	4.0	1.73
<b>Total</b>	<b>100.0%</b>	

Long-term expected rate of return is 5.50%.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**5. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.50 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)
<b>Balance at 6/30/2022 (Measured at June 30, 2021)</b>	<b>\$ 10,422,948</b>	<b>\$ 7,210,571</b>	<b>\$ 3,212,377</b>
<b>Changes recognized for the measurement period:</b>			
Service Cost	555,422	-	555,422
Interest	590,517	-	590,517
Difference between Expected and Actual Experience	(6,396)	-	(6,396)
Changes of Assumptions	-	-	-
Contributions - Employer	-	812,583	(812,583)
Net Investment Income	-	(943,677)	943,677
Benefit Payments	(483,387)	(483,387)	-
Administrative Expense	-	(1,870)	1,870
Net changes	656,156	(616,351)	1,272,507
<b>Balance at 6/30/2023 (Measured at June 30, 2022)</b>	<b>\$ 11,079,104</b>	<b>\$ 6,594,220</b>	<b>\$ 4,484,884</b>

**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 5.50 percent, as well as if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate.

	Discount Rate		
	1% Decrease (4.50%)	Current (5.50%)	1% Increase (6.50%)
<b>Net OPEB liability:</b>			
Primary government	\$ 5,582,808	\$ 4,355,913	\$ 3,317,560
ARJIS	165,297	128,971	98,227
<b>Net OPEB liability</b>	<b>\$ 5,748,105</b>	<b>\$ 4,484,884</b>	<b>\$ 3,415,787</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**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.

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	(4.50%HMO / 4.50%PPO decreasing to 4.00%HMO / 4.00%PPO	(5.50%HMO / 5.50%PPO decreasing to 5.00%HMO / 5.00%PPO	(6.00%HMO / 6.50%PPO decreasing to 6.00%HMO / 6.00%PPO
<b>Net OPEB liability</b>			
Primary government	\$ 3,290,094	\$ 4,355,913	\$ 5,812,504
ARJIS	97,414	128,971	172,098
<b>Net OPEB liability</b>	<b>\$ 3,387,508</b>	<b>\$ 4,484,884</b>	<b>\$ 5,984,602</b>

**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) (9.15 years at June 30, 2023)

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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

For the fiscal year ended June 30, 2023, SANDAG recognized OPEB expense of \$1,214,179 for the plan as follows:

Primary Government	\$ 1,196,267
ARJIS	17,912
<b>Total OPEB expense</b>	<b><u>\$ 1,214,179</u></b>

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	\$ 695,816	\$ -
Differences between expected and actuarial experience	1,340,419	(30,229)
Change in proportionate share	46,035	(51,549)
Changes of assumptions	1,078,439	(9,050)
Net difference between projected and actual earnings on OPEB plan investments	608,990	-
<b>Total</b>	<b><u>\$ 3,769,699</u></b>	<b><u>\$ (90,828)</u></b>

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	\$ 20,602	\$ -
Change in proportionate share	11,641	(6,125)
Change in assumptions	31,930	(268)
Difference between expected and actuarial experience	39,688	(896)
Net difference between projected and actual earnings on OPEB plan investments	18,031	-
<b>Total</b>	<b><u>\$ 121,892</u></b>	<b><u>\$ (7,289)</u></b>

The primary government reported \$695,816 and ARJIS reported \$20,602 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 subsequent fiscal year.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**11. OPEB expense and related deferred outflows/inflows of resources (continued)**

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
2024	\$ 454,399
2025	460,913
2026	450,282
2027	601,726
2028	339,582
Thereafter	676,153
<b>Total</b>	<b>\$ 2,983,055</b>

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
2024	\$ 13,982
2025	14,174
2026	13,859
2027	18,343
2028	10,582
Thereafter	23,061
<b>Total</b>	<b>\$ 94,001</b>

**N. 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 discretely presented 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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**1. Plan Description (continued)**

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.

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 on June 30, 2023, are summarized as follows:

Hire date	Prior to 10/27/12	After 10/27/12 <sup>1</sup>	On or after 1/1/13 <sup>2</sup>
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%

<sup>1</sup> 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.

<sup>2</sup> 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](http://calpers.ca.gov).

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**3. Employees covered by benefit terms**

The following employees were covered based on the CalPERS actuarial valuation report dated June 30, 2021:

Active members	374
Transferred members	77
Terminated members	384
Retired members and beneficiaries	189
<b>Total</b>	<b>1024</b>
Active to Retired Ratio	198%

**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 2023, the required contributions were actuarially determined by the funding valuation reports dated June 30, 2021. The actuarially required contribution rate was 24.603% of covered payroll and actual contributions totaled \$8,945,382 for the primary government and \$524,536 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. PEPRAs members pay 6.75% of covered-employee payroll which is 58.85% of the total normal cost of 11.47%.

**5. Net pension liability**

The Plan's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled forward to determine the June 30, 2022 total pension liability.



**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

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

The June 30, 2022 (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
<b>Actuarial Assumptions:</b>	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website. All other actuarial assumptions used in the June 30, 2021 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](http://calpers.ca.gov) under Forms and Publications.

**7. Change of assumptions**

In 2022, there were no changes of assumptions.

**8. Discount rate**

The discount rate used to measure the total pension liability was 6.90 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.

**9. Long-term expected rate of return**

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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**9. Long-term expected rate of return (continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	Assumed asset allocation	Real Return <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	2.27
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real Assets	15.0	3.21
Leverage	(5.0)	(0.59)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figure are based on the 2021 Asset Liability Management study.

**10. Pension plan fiduciary net position**

The plan fiduciary net position (assets) disclosed in the SANDAG GASB 68 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 be included for GASB 68 reporting purposes. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

**11. Amortization of deferred outflows and deferred inflows of resources**

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.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**11. Amortization of deferred outflows and deferred inflows of resources (continued)**

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 remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

**12. 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, 2021 to June 30, 2022:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
<b>Balance at 6/30/2021 (Valuation Date)<sup>1</sup></b>	<b>\$ 209,897,204</b>	<b>\$ 168,088,546</b>	<b>\$ 41,808,658</b>
<b>Changes for the year</b>			
Service Cost	6,575,605	-	6,575,605
Interest on the Total Pension Liability	14,875,327	-	14,875,327
Differences between Expected and Actual Experience	(626,691)	-	(626,691)
Changes of Assumptions	7,571,968	-	7,571,968
Contributions from Employer	-	8,297,372	(8,297,372)
Contributions from Employees	-	2,591,060	(2,591,060)
Net Investment Income <sup>2</sup>	-	(12,774,350)	12,774,350
Benefit Payments, including Refunds of Employee Contributions	(9,091,657)	(9,091,657)	-
Administrative Expense	-	(104,709)	104,709
<b>Net changes during 2021 - 2022</b>	<b>19,304,552</b>	<b>(11,082,284)</b>	<b>30,386,836</b>
<b>Balance at 6/30/2022 (Measurement Date)<sup>1</sup></b>	<b>\$ 229,201,756</b>	<b>\$ 157,006,262</b>	<b>\$ 72,195,494</b>

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

<sup>2</sup> Net of administrative expenses.

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**13. 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:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1 (7.90%)
Plan's Net Pension Liability			
Primary government	\$ 98,264,741	\$ 68,196,610	\$ 43,427,038
ARJIS	5,762,006	3,998,884	2,546,456
<b>Net Pension Liability</b>	<b>\$ 104,026,747</b>	<b>\$ 72,195,494</b>	<b>\$ 45,973,494</b>

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

For the fiscal year ending June 30, 2023 (the reporting period), SANDAG recognized a pension expense of \$2,811,170 for the plan as follows:

Primary government	\$ 2,254,390
ARJIS	556,780
<b>Total pension expense</b>	<b>\$ 2,811,170</b>

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, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,597,655	\$ -
Differences between expected and actual experience	2,606,112	(634,021)
Change in proportionate share	1,441,115	(1,260,411)
Employer contributions for fiscal year 2023	8,945,382	-
Net difference between projected and actual earnings on pension plan investments	7,485,768	-
<b>Total</b>	<b>\$ 26,076,032</b>	<b>\$ (1,894,432)</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**14. Pension expense and deferred outflows and deferred inflows of resources related to pensions (continued)**

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, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 328,233	\$ -
Differences between expected and actual experience	152,816	(37,177)
Change in proportionate share	766,864	(947,566)
Employer contributions for fiscal year 2023	524,536	-
Net difference between projected and actual earnings on pension plan investments	438,947	-
<b>Total</b>	<b>\$ 2,211,396</b>	<b>\$ (984,743)</b>

The deferred outflows of resources of the primary government related to pension resulting from employer contributions subsequent to the measurement date of June 30, 2022, totaling \$8,015,589 will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2024. ARJIS reports a total of \$524,536 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
2024	\$ 3,732,418
2025	3,350,340
2026	2,544,515
2027	5,608,945
<b>Total</b>	<b>\$ 15,236,218</b>

**San Diego Association of Governments**  
**Notes to the Basic Financial Statements, Continued**  
**For the year ended June 30, 2023**

**14. Pension expense and deferred outflows and deferred inflows of resources related to pensions (continued)**

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
2024	\$ 206,117
2025	246,720
2026	67,080
2027	182,200
<b>Total</b>	<b>\$ 702,117</b>

**O. Subsequent events**

On July 17, 2023, the Commission issued \$433,355,000 2023 Series A sales tax revenue bonds to fully redeem \$383,700,000 of the 2008 Series A/B/C/D bonds, terminate the associated swap agreements, partially refund \$80,960,000 and tender \$41,163,000 of the 2019 Series A bonds, and pay the costs of issuing the 2023 Series A bonds. The federally taxable 2023 Series A bonds totaled \$433,355,000 were issued at par and carry an overall all-in interest rate of 3.23 percent with a maturity date of April 1, 2042.

In October 2023, SANDAG deposited funds as part of an escrow agreement for the purpose of defeasing the 2019 Series A & B Capita Grant Receipts Revenue Bonds. SANDAG deposited \$51,125,000 to redeem the 2019 Series A on November 15, 2023, \$18,115,000 of the Series B on November 15, 2023, \$53,745,000 of the 2019 Series A on November 15, 2024, and \$56,500,000 of the Series A on November 15, 2025. The funds will remain in escrow until used to defease the bonds on their scheduled redemption date.

On August 1, 2023, the State General Fund appropriated \$20,000,000 to Caltrans to be allocated to SANDAG, these funds will be used to support efforts in eliminating the bond debt by 2027.

On January 12, 2024, the Board of Directors was provided with an update on toll road operations, which included a proposal to implement a new back-office system (BOS). The proposal was unanimously approved. A new contract was signed on March 16, 2024. The June 30, 2023 carrying value of the current toll BOS is \$7,278,286, less accumulated amortization of \$740,466, for a net carrying value of \$6,537,820, which is being expensed over a 10-year useful life. An impairment of the asset will likely be recognized in FY 2024 to account for a change in the estimated useful life.

The SANDAG Executive Committee, as the SourcePoint Board of Directors, approved the dissolution and windup of SourcePoint on September 8, 2023. Consistent with the procedures for dissolving a nonprofit entity, SANDAG has sought and is awaiting a waiver of objections to the dissolution from the California Attorney General. Should the waiver be issued, SANDAG will continue with the dissolution process, including the filing of necessary forms with the California Secretary of State.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**San Diego Association of Governments**  
**Required Supplementary Information (unaudited)**  
**For the year ended June 30, 2023**

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

**Schedule of Change in Net OPEB Liability**  
**And Related Ratios**  
**Last Ten Years<sup>1</sup>**

Measurement Period	2022	2021	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>						
Service cost	\$ 555,422	\$ 370,451	\$ 360,536	\$ 313,420	\$ 305,032	\$ 286,416
Interest	590,517	475,933	448,312	389,512	364,794	342,733
Changes of Benefit Terms	-	-	-	-	-	-
Difference between expected and actual experience	(6,396)	1,397,150	(36,327)	480,577	-	-
Changes of assumptions	-	1,420,963	-	(15,524)	-	-
Benefit payments, including refunds of employee contributions	(483,387)	(386,297)	(328,683)	(292,294)	(303,569)	(313,176)
Net change in total OPEB liability	656,156	3,278,200	443,838	875,691	366,257	315,973
Total OPEB liability - beginning	10,422,948	7,144,748	6,700,910	5,825,219	5,458,962	5,142,989
Total OPEB liability - ending	<u>\$ 11,079,104</u>	<u>\$ 10,422,948</u>	<u>\$ 7,144,748</u>	<u>\$ 6,700,910</u>	<u>\$ 5,825,219</u>	<u>\$ 5,458,962</u>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - employer	\$ 812,583	\$ 721,223	\$ 614,706	\$ 589,323	\$ 607,674	\$ 605,463
Investment income	(943,677)	1,162,735	289,614	336,550	248,428	257,936
Benefit payments, including refunds of employee contributions	(483,387)	(386,297)	(328,683)	(292,294)	(303,569)	(313,176)
Administrative expense	(1,870)	(2,145)	(2,613)	(2,288)	(2,155)	(1,871)
Other expense	-	-	(3,626)	-	(5,250)	-
Net change in fiduciary net position	(616,351)	1,495,516	569,398	631,291	545,128	548,352
Plan fiduciary net position - beginning	7,210,571	5,715,055	5,145,657	4,514,366	3,969,238	3,420,886
Plan fiduciary net position - ending	<u>\$ 6,594,220</u>	<u>\$ 7,210,571</u>	<u>\$ 5,715,055</u>	<u>\$ 5,145,657</u>	<u>\$ 4,514,366</u>	<u>\$ 3,969,238</u>
Plan net OPEB liability - ending	<u>\$ 4,484,884</u>	<u>\$ 3,212,377</u>	<u>\$ 1,429,693</u>	<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	59.52%	69.18%	79.99%	76.79%	77.50%	72.71%
Covered employee payroll	\$ 34,595,780	\$ 32,272,514	\$ 31,342,592	\$ 28,718,832	\$ 26,864,803	\$ 26,677,526
Plan net OPEB liability as a percentage of covered employee payroll	12.96%	9.95%	4.56%	5.42%	4.88%	5.58%

**Notes to Schedule**

Changes in Assumptions: In 2022, discount rate remained at 5.5%, inflation remained at 2.25%, and investment rate of return remained at 5.5% In 2021, discount rate changed from 6.5% to 5.5%, inflation changed from 2.5% to 2.25%, and investment rate of return changed from 6.5% to 5.5%. In 2020, there were no changes. In 2019, inflation rate decreased from 2.75% to 2.50%. Salary increase changed from 3% to 2.75%.

<sup>1</sup> 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 (Unaudited)**  
**For the year ended June 30, 2023**

**Schedule of OPEB Contributions**  
**Last Ten Years<sup>2</sup>**

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially Determined Contribution	\$ 716,418	\$ 599,402	\$ 588,074	\$ 525,499	\$ 515,120	\$ 514,196
Contributions in Relation to the Actuarially Determined Contribution	(716,418)	(599,402)	(588,074)	(525,499)	(515,120)	(514,196)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$38,490,285	\$34,595,780	\$32,272,514	#####	#####	\$26,864,803
Contributions as a Percentage of Covered Employee Payroll	1.861%	1.733%	1.822%	1.677%	1.794%	1.914%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2023 were from the June 30, 2021 actuarial valuations.

	Methods and Assumptions
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Inflation	2.25%
Salary Increases	2.75% per annum, in aggregate
Minimum Contribution	4% per year
Investment Rate of Return	5.50% 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 6.3% (PPO) and 6.3% (HMO) then decreasing to 3.8% (PPO) and 3.8% (HMO) According to the retirement rates under the most recent CalPERS pension plan experience study. According to the following retirement tables:
Retirement Age	Miscellaneous Tier 1: 2.7 @ 55 Miscellaneous Tier 2: 2.0 @ 60 Miscellaneous Tier 3: 2.0 @ 62

<sup>2</sup> 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 (unaudited)**  
**For the year ended June 30, 2023**

**B. Pension Plan:**

**Schedule of Change in Net Pension Liability  
And Related Ratios  
Last Ten Years<sup>3</sup>**

Measurement Period	2021 - 2022	2020-2021	2019 - 2020	2018 - 2019	2017 - 2018	2016 - 2017	2015 - 2016	2014 - 2015	2013 - 2014
<b>TOTAL PENSION LIABILITY</b>									
Service cost	\$ 6,575,605	\$ 5,868,573	\$ 5,596,748	\$ 5,278,647	\$ 5,162,090	\$ 5,144,459	\$ 4,534,280	\$ 4,304,754	\$ 4,383,941
Interest	14,875,327	14,081,875	12,987,316	12,277,206	11,458,443	10,789,583	10,232,734	9,525,794	8,721,625
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Difference between expected & actual experience	(626,691)	4,501,826	(519,639)	1,404,207	982,989	(1,672,371)	329,995	2,226,555	-
Changes of assumptions	7,571,968	-	-	-	(1,592,648)	9,126,001	-	(2,367,470)	-
Benefit payments, including refunds of employee contributions	(9,091,657)	(8,136,522)	(7,690,041)	(6,837,259)	(6,426,314)	(5,530,744)	(5,236,629)	(4,831,911)	(4,554,501)
Net change in total pension liability	19,304,552	16,315,752	10,374,384	12,122,801	9,584,560	17,856,928	9,860,380	8,857,722	8,551,065
Total pension liability - beginning	209,897,204	193,581,452	183,207,068	171,084,267	161,499,707	143,642,779	133,782,399	124,924,677	116,373,612
Total pension liability - ending	\$ 229,201,756	\$ 209,897,204	\$ 193,581,452	\$ 183,207,068	\$ 171,084,267	\$ 161,499,707	\$ 143,642,779	\$ 133,782,399	\$ 124,924,677
<b>PLAN FIDUCIARY NET POSITION</b>									
Contributions - employer	\$ 8,297,372	\$ 7,526,403	\$ 6,932,089	\$ 5,912,799	\$ 5,162,576	\$ 5,024,322	\$ 4,683,435	\$ 4,608,038	\$ 4,174,170
Contributions - employee	2,592,060	2,348,709	2,337,121	2,218,113	2,068,605	2,107,922	1,991,758	1,899,740	2,766,681
Investment income	(12,774,350)	31,146,493	6,396,582	7,858,870	9,308,839	11,041,124	490,271	2,067,607	13,463,922
Administrative expense	(104,709)	(135,195)	(179,804)	(84,498)	(169,795)	(142,422)	(57,649)	(106,721)	(111,112)
Benefit payments, including refunds of employee contributions	(9,091,657)	(8,136,522)	(7,690,041)	(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) <sup>1</sup>	-	-	-	67,584	(322,443)	-	-	-	-
Net change in fiduciary net position	(11,081,284)	32,749,888	7,795,947	9,135,609	9,443,829	12,499,755	1,871,198	3,422,236	15,739,160
Plan fiduciary net position - beginning <sup>2</sup>	168,088,546	135,338,658	127,542,711	118,407,102	108,963,273	96,463,518	94,592,320	91,170,084	75,430,924
Plan fiduciary net position - ending	\$ 157,007,262	\$ 168,088,546	\$ 135,338,658	\$ 127,542,711	\$ 118,407,102	\$ 108,963,273	\$ 96,463,518	\$ 94,592,320	\$ 91,170,084
Plan net pension liability - ending	\$ 72,194,494	\$ 41,808,658	\$ 58,242,794	\$ 55,664,357	\$ 52,677,165	\$ 52,536,434	\$ 47,179,261	\$ 39,190,079	\$ 33,754,593
Plan fiduciary net position as a percentage of the total pension liability	68.50%	80.08%	69.91%	69.62%	69.21%	67.47%	67.16%	70.71%	72.98%
Covered payroll	\$ 34,595,780	\$ 32,272,514	\$ 31,342,592	\$ 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	208.68%	129.55%	185.83%	193.83%	196.08%	196.93%	184.05%	162.29%	141.66%

<sup>1</sup> 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).

**B. Pension Plan (continued)**

**San Diego Association of Governments**  
**Required Supplementary Information, Continued (Unaudited)**  
**For the year ended June 30, 2023**

<sup>2</sup> Includes any beginning of year adjustment.

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

**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, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of two years additional service credit.

Changes in Assumptions: In 2022, there were no changes. In 2021, there were no changes. In 2020, there were no changes. 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 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.

**Schedule of Plan Contributions**  
**Last Ten Years<sup>4</sup>**

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially Determined Contribution	\$ 9,469,918	\$ 8,228,817	\$ 7,574,443	\$ 6,926,307	\$ 5,914,235	\$ 5,164,886	\$ 5,024,322	\$ 4,683,435	\$ 4,608,038
Contributions in Relation to the									
Actuarially Determined Contribution	(9,469,918)	(8,228,817)	(7,574,443)	(6,926,307)	(5,914,235)	(5,164,886)	(5,024,322)	(4,683,435)	(4,608,038)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 38,490,285	\$ 34,595,780	\$ 32,272,514	\$ 31,342,592	\$ 28,718,832	\$ 26,864,803	\$ 26,677,526	\$ 25,634,081	\$ 24,147,581
Contributions as a Percentage of Covered Payroll	24.603%	23.786%	23.470%	22.099%	20.594%	19.225%	18.834%	18.270%	19.083%

<sup>4</sup> 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 (Unaudited)**  
**For the year ended June 30, 2023**

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2023 were from the June 30, 2020 actuarial valuation report.

	Methods and Assumptions
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2021, Funding Valuation Report
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Transportation Development Act sales tax funds	\$10,168,819	\$10,168,819	\$ 10,381,776	\$ 212,957
Member agency assessments	1,181,717	1,181,717	1,181,717	-
Other revenues	-	-	63,393	63,393
Investment earnings	-	-	1,120,034	1,120,034
<b>Total revenues</b>	<b>11,350,536</b>	<b>11,350,536</b>	<b>12,746,920</b>	<b>1,396,384</b>
<b>EXPENDITURES</b>				
Current:				
General government	78,389,670	81,411,099	68,608,956	12,802,143
Cost recovery	(76,163,366)	(76,163,366)	(67,724,739)	(8,438,627)
<b>Total expenditures</b>	<b>2,226,304</b>	<b>5,247,733</b>	<b>884,217</b>	<b>4,363,516</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>9,124,232</b>	<b>6,102,803</b>	<b>11,862,703</b>	<b>5,759,900</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	533,250	533,250	478,930	(54,320)
Transfers out	(11,148,463)	(9,774,092)	(11,877,657)	(2,103,565)
<b>Total other financing sources (uses)</b>	<b>(10,615,213)</b>	<b>(9,240,842)</b>	<b>(11,398,727)</b>	<b>(2,157,885)</b>
<b>Net change in fund balances</b>	<b>\$ (1,490,981)</b>	<b>\$ (3,138,039)</b>	<b>463,976</b>	<b>\$ 3,602,015</b>
<b>FUND BALANCES</b>				
Beginning of year			23,528,791	
End of year			<u>\$ 23,992,767</u>	

See accompanying Notes to Required Supplementary Information.

**San Diego Association of Governments**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**San Diego County Regional Transportation Commission Sales Tax Projects Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local <i>TransNet</i> sales tax funds	\$ 424,047,234	\$ 425,804,071	\$ 426,513,882	\$ 709,811
Investment earnings	6,743,127	17,830,883	14,690,412	(3,140,471)
Other revenues	-	-	21,415	21,415
<b>Total revenues</b>	<b>430,790,361</b>	<b>443,634,954</b>	<b>441,225,709</b>	<b>(2,409,245)</b>
<b>EXPENDITURES</b>				
Current:				
General government	8,480,945	8,516,081	-	8,516,081
Bicycle facilities	8,480,945	8,516,081	8,745	8,507,336
Independent Taxpayer Oversight Committee	461,610	461,610	281,485	180,125
Major corridor capital projects	154,517,019	155,157,915	206,061	154,951,854
Major corridor environmental mitigation	17,891,444	17,965,653	-	17,965,653
Local project environmental mitigation	7,319,227	7,349,585	-	7,349,585
Local street improvements	118,327,507	118,818,297	82,197,041	36,621,256
Smart growth	8,539,098	8,574,516	12,232	8,562,284
New major corridor transit operations	32,936,522	33,073,134	36,156,214	(3,083,080)
Transit system improvements	67,092,916	67,371,199	73,805,856	(6,434,657)
<b>Total expenditures</b>	<b>424,047,233</b>	<b>425,804,071</b>	<b>192,667,634</b>	<b>233,136,437</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,743,128</b>	<b>17,830,883</b>	<b>248,558,075</b>	<b>230,727,192</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	172,408,463	173,123,568	28,938,459	(144,185,109)
Transfers out	(124,777,455)	(124,777,455)	(230,917,100)	(106,139,645)
<b>Total other financing sources (uses)</b>	<b>47,631,008</b>	<b>48,346,113</b>	<b>(201,978,641)</b>	<b>(250,324,754)</b>
<b>Net change in fund balances</b>	<b>\$ 54,374,136</b>	<b>\$ 66,176,996</b>	<b>46,579,434</b>	<b>\$ (19,597,562)</b>
<b>FUND BALANCES</b>				
Beginning of year			637,198,490	
End of year			<b>\$ 683,777,924</b>	

See accompanying Notes to Required Supplementary Information.



**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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$38,445,416	\$41,028,398	\$ 37,232,828	\$ (3,795,570)
State funds	16,539,148	16,162,667	12,287,386	(3,875,281)
Other local governmental funding	6,130,383	6,420,954	4,287,824	(2,133,130)
Member agency assessments	243,880	243,880	244,379	499
<b>Total revenues</b>	<b>61,358,827</b>	<b>63,855,899</b>	<b>54,052,417</b>	<b>(9,803,482)</b>
<b>EXPENDITURES</b>				
Current:				
Modeling and research	19,172,792	21,422,063	17,580,488	3,841,575
Criminal justice	1,858,151	2,766,569	1,835,692	930,877
Sustainable development	\$9,407,774	\$14,874,646	14,322,807	551,839
Smart mobility programs and services	56,478,074	55,747,718	33,610,378	22,137,340
Internal and external coordination	9,686,717	9,913,717	9,426,522	487,195
Bicycle facilities	34,464	34,464	184,279	(149,815)
Smart growth	4,720,987	4,720,987	3,218,602	1,502,385
Transit system improvements	1,485,890	1,485,890	1,819,994	(334,104)
<b>Total expenditures</b>	<b>102,844,849</b>	<b>110,966,054</b>	<b>81,998,762</b>	<b>28,967,292</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(41,486,022)</b>	<b>(47,110,155)</b>	<b>(27,946,345)</b>	<b>19,163,810</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	43,040,567	41,520,716	32,084,466	(9,436,250)
Transfers out			(1,276,000)	
<b>Total other financing sources (uses)</b>	<b>43,040,567</b>	<b>41,520,716</b>	<b>30,808,466</b>	<b>(9,436,250)</b>
<b>Net change in fund balances</b>	<b>\$ 1,554,545</b>	<b>\$ (5,589,439)</b>	<b>2,862,121</b>	<b>\$ 9,727,560</b>
<b>FUND BALANCES (DEFICIT)</b>				
Beginning of year			(5,930,647)	
End of year			<b>\$ (3,068,526)</b>	

**San Diego Association of Governments**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2023**

**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**

General government actual expenditures were below the budgeted amount by \$12,802,143. This is primarily related to salaries and benefits savings of \$8,502,703 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 \$4,299,440 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 expenditures were lower than the budget by \$8,438,627 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.

**San Diego Association of Governments**  
**Required Supplementary Information, Continued (Unaudited)**  
**For the year ended June 30, 2023**

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

The Commission sales tax projects fund ended the year with \$233,136,437 of appropriations in excess of expenditures, which is primarily the result of revenues exceeding conservative expectations set due to the COVID recession. Budgeted expenditures are based on estimated sales tax revenues allocated to the programs and does not include the use of debt proceeds or unspent revenue received in prior years.

**3. *General Services fund***

The General Services fund ended the year with \$29,103,181 of expenditures below appropriations for Smart Mobility Programs and Services which is primarily due to delays in contracted work among multiple projects.

**3. *San Diego Association of Governments Debt Service Fund***

The San Diego Association of Governments Debt Service fund has not legally adopted a budget.

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# SUPPLEMENTARY INFORMATION

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**San Diego Association of Governments**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

		SAFE Fund
<b>ASSETS</b>		
Cash and investments	\$	9,225,658
Prepaid items and other assets		10,573
Interest receivable		25,096
Due from other funds		1,276,000
Due from other governments		525,257
<b>Total assets</b>	<b>\$</b>	<b>11,062,584</b>
<b>LIABILITIES</b>		
Accounts payable	\$	276,592
Due to other funds		1,404,139
Due to other governments		185,879
<b>Total liabilities</b>		<b>1,866,610</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Items		10,573
<b>Total nonspendable</b>		<b>10,573</b>
Restricted for:		
Freeway emergency service		9,185,401
<b>Total restricted</b>		<b>9,185,401</b>
<b>Total fund balances</b>		<b>9,195,974</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$</b>	<b>11,062,584</b>

**San Diego Association of Governments**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2023**

	SAFE Fund
<b>REVENUES</b>	
SAFE program revenue	\$ 3,010,849
Investment earnings	120,396
<b>Total revenues</b>	<b>3,131,245</b>
<b>EXPENDITURES</b>	
Current:	
SAFE program	1,852,344
<b>Total expenditures</b>	<b>1,852,344</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,278,901</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	1,276,000
Transfers out	(1,107,370)
<b>Total other financing sources (uses)</b>	<b>168,630</b>
<b>Net change in fund balances</b>	<b>1,447,531</b>
<b>FUND BALANCES (DEFICIT)</b>	
Beginning of year	7,748,443
End of year	<b>\$ 9,195,974</b>



**San Diego Association of Governments**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2023**

	Business-type Activities-Enterprise Funds				Totals
	Nonmajor Funds				
	Service Bureau	SourcePoint	Interstate 15 FasTrak	Property Management	
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents - unrestricted	\$ -	\$ 199,989	\$ 8,597,871	\$ -	\$ 8,797,860
Cash and cash equivalents - restricted	-	838	-	-	838
Accounts receivable	52,372	-	3,008,773	88,617	3,149,762
Prepaid items and other assets	-	-	4,028,242	1,951	4,030,193
Interest receivable	-	573	12,200	-	12,773
Lease receivable	-	-	-	869,112	869,112
Due from other funds	516,630	-	2,163,823	3,284,235	5,964,688
Due from other governments	-	-	467,273	-	467,273
<b>Total current assets</b>	<b>569,002</b>	<b>201,400</b>	<b>18,278,182</b>	<b>4,243,915</b>	<b>23,292,499</b>
<b>Noncurrent assets:</b>					
Non-depreciable assets	-	-	16,642	-	16,642
Depreciable assets, net of accumulated depreciation	-	-	12,450,071	-	12,450,071
Lease Receivable	-	-	-	911,020	911,020
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>12,466,713</b>	<b>911,020</b>	<b>13,377,733</b>
<b>Total assets</b>	<b>569,002</b>	<b>201,400</b>	<b>30,744,895</b>	<b>5,154,935</b>	<b>36,670,232</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	-	-	264,829	11,139	275,968
Retentions payable	-	-	1,554,587	-	1,554,587
Due to other funds	-	225	20,527	-	20,752
Due to other governments	354,404	-	755,824	507	1,110,735
Transponder deposits payable	-	-	3,334	-	3,334
Security deposit	-	-	-	31,867	31,867
Unearned revenue	-	-	1,257,684	-	1,257,684
<b>Total current liabilities</b>	<b>354,404</b>	<b>225</b>	<b>3,856,785</b>	<b>43,513</b>	<b>4,254,927</b>
<b>Total liabilities</b>	<b>354,404</b>	<b>225</b>	<b>3,856,785</b>	<b>43,513</b>	<b>4,254,927</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources - lease related	-	-	-	1,752,588	1,752,588
<b>NET POSITION</b>					
Net investment in capital assets	-	-	10,912,126	-	10,912,126
<b>Restricted for:</b>					
Restricted - iCommute	-	613	-	-	613
Toll road operations and improvement	-	-	15,975,984	-	15,975,984
Property management	-	-	-	3,358,834	3,358,834
<b>Unrestricted</b>	<b>214,598</b>	<b>200,562</b>	<b>-</b>	<b>-</b>	<b>415,160</b>
<b>Total net position</b>	<b>\$ 214,598</b>	<b>\$ 201,175</b>	<b>\$ 26,888,110</b>	<b>\$ 3,358,834</b>	<b>\$ 30,662,717</b>

**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, 2023**

	Business-type Activities-Enterprise Funds				Totals
	Nonmajor Funds				
	Service Bureau	SourcePoint	Interstate 15 FasTrak	Property Management	
<b>OPERATING REVENUES</b>					
Service Bureau transportation modeling service fees	\$ 33,272	\$ -	\$ -	\$ -	\$ 33,272
SourcePoint charges for service and promotions	-	1,915	-	-	1,915
Interstate 15 FasTrak permit revenue	-	-	10,996,399	-	10,996,399
Interstate 15 FasTrak fines and forfeitures revenue	-	-	52,197	-	52,197
<b>Total operating revenues</b>	<b>33,272</b>	<b>1,915</b>	<b>11,048,596</b>	<b>-</b>	<b>11,083,783</b>
<b>OPERATING EXPENSES</b>					
SourcePoint iCommute operating expenses	-	12,943	-	-	12,943
Interstate 15 FasTrak operating expenses	-	-	1,323,002	-	1,323,002
Payroll and other compensation	71,837	-	1,331,811	-	1,403,648
Administrative costs	-	-	516,350	-	516,350
Professional services	-	-	459,370	-	459,370
Depreciation	-	-	1,810,249	-	1,810,249
<b>Total operating expenses</b>	<b>71,837</b>	<b>12,943</b>	<b>5,440,782</b>	<b>-</b>	<b>5,525,562</b>
<b>Operating income (loss)</b>	<b>(38,565)</b>	<b>(11,028)</b>	<b>5,607,814</b>	<b>-</b>	<b>5,558,221</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Lease income (expense)	-	-	-	1,228,225	1,228,225
Interest income (expense)	-	3,146	114,627	-	117,773
Other income (expenses)	-	-	224,750	318,252	543,002
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>3,146</b>	<b>339,377</b>	<b>1,546,477</b>	<b>1,889,000</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(38,565)</b>	<b>(7,882)</b>	<b>5,947,191</b>	<b>1,546,477</b>	<b>7,447,221</b>
Transfers out	-	-	(4,572,417)	-	(4,572,417)
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>(4,572,417)</b>	<b>-</b>	<b>(4,572,417)</b>
<b>CHANGE IN FUND NET POSITION</b>	<b>(38,565)</b>	<b>(7,882)</b>	<b>1,374,774</b>	<b>1,546,477</b>	<b>2,874,804</b>
<b>NET POSITION</b>					
Beginning of year	253,163	209,057	25,513,336	1,812,357	27,787,913
End of year	\$ 214,598	\$ 201,175	\$ 26,888,110	\$ 3,358,834	\$ 30,662,717

**San Diego Association of Governments**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the year ended June 30, 2023**

	Business-type Activities-Enterprise Funds				Totals
	Nonmajor Funds				Totals
	Service Bureau	SourcePoint	Interstate 15 FasTrak	Property Management	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 71,837	\$ 1,915	\$ 6,493,503	\$ -	\$ 6,567,255
Receipts from rent	-	-	-	1,546,477	1,546,477
Payments for employee salaries and benefits	(71,837)	-	(1,410,609)	-	(1,482,446)
Payment made for rental property	-	-	-	(1,546,477)	(1,546,477)
Payments for operations	-	(13,063)	(2,795,465)	-	(2,808,528)
<b>Net cash provided by (used for) operating activities</b>	<b>-</b>	<b>(11,148)</b>	<b>2,287,429</b>	<b>-</b>	<b>2,276,281</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer from (to) governmental funds	-	-	(4,572,417)	-	(4,572,417)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>(4,572,417)</b>	<b>-</b>	<b>(4,572,417)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on investment	-	2,796	112,425	-	115,221
<b>Net cash provided by (used for) investing activities</b>	<b>-</b>	<b>2,796</b>	<b>112,425</b>	<b>-</b>	<b>115,221</b>
<b>Net increase (decrease) in cash and investments</b>	<b>-</b>	<b>(8,352)</b>	<b>(2,172,563)</b>	<b>-</b>	<b>(2,180,915)</b>
Cash and cash equivalents, beginning of year	-	209,179	10,770,434	-	10,979,613
Cash and cash equivalents, end of year	\$ -	\$ 200,827	\$ 8,597,871	\$ -	\$ 8,798,698
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (38,565)	\$ (11,028)	\$ 5,607,814	\$ -	\$ 5,558,221
Adjustments to reconcile net cash provided by (used for) operating activities:					
Depreciation	-	-	1,810,249	-	1,810,249
(Increase) decrease in:					
Accounts receivable	8,228	-	(2,948,633)	1,546,477	(1,393,928)
Lease receivable	-	-	-	(776,757)	(776,757)
Due from other funds	(3,343)	-	(1,819,326)	(1,544,224)	(3,366,893)
Due from other governments	33,680	-	266,572	-	300,252
Prepaid expenses	-	-	127,849	(1,831)	126,018
Increase (decrease) in:					
Accounts payable	-	-	(680,662)	(3,478)	(684,140)
Retentions payable	-	-	(252,121)	-	(252,121)
Due to other funds	-	-	(357)	345	(12)
Due to other governments	-	(120)	239,748	-	239,628
Deferred inflow of resources	-	-	-	779,468	779,468
Unclaimed payments	-	-	(9,925)	-	(9,925)
Unearned revenue	-	-	(53,779)	-	(53,779)
<b>Total adjustments</b>	<b>38,565</b>	<b>(120)</b>	<b>(3,320,385)</b>	<b>-</b>	<b>(3,281,940)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ -</b>	<b>\$ (11,148)</b>	<b>\$ 2,287,429</b>	<b>\$ -</b>	<b>\$ 2,276,281</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Capital assets in accounts payable	\$ -	\$ -	\$ 16,642	\$ -	\$ 16,642

**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, 2023**

	Budgeted Amounts <sup>1</sup>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$218,240,000	\$337,146,248	\$ 211,484,122	\$ (125,662,126)
State funds	126,988,000	113,588,847	8,777,685	(104,811,162)
Local Transportation Development Act sales tax funds	2,763,000	7,589,661	5,638,926	(1,950,735)
Other governmental funding	45,958,365	35,548,593	10,126,975	(25,421,618)
<b>Total revenues</b>	<b>393,949,365</b>	<b>493,873,349</b>	<b>236,027,708</b>	<b>(257,845,641)</b>
<b>EXPENDITURES</b>				
Current:				
Regional transportation improvements	460,083,365	428,400,052	159,712,853	268,687,199
<b>Total expenditures</b>	<b>460,083,365</b>	<b>428,400,052</b>	<b>159,712,853</b>	<b>268,687,199</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(66,134,000)</b>	<b>65,473,297</b>	<b>76,314,855</b>	<b>10,841,558</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	66,045,538	(65,561,759)	100,672,393	166,234,152
Transfers out	88,462	88,462	(174,583,620)	(174,672,082)
<b>Total other financing sources (uses)</b>	<b>66,134,000</b>	<b>(65,473,297)</b>	<b>(73,911,227)</b>	<b>(8,437,930)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,403,628</b>	<b>\$ 2,403,628</b>
<b>FUND BALANCES (DEFICIT)</b>				
Beginning of year			(6,372,522)	
End of year			<u>\$ (3,968,894)</u>	

<sup>1</sup> 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 Association of Governments**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**San Diego County Regional Transportation Commission Debt Service Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 7,012,574	\$ 7,012,574	\$ -	\$ (7,012,574)
Investment earnings	-	-	7,943,902	7,943,902
Debt repayments from other governments	-	-	2,130,269	2,130,269
<b>Total revenues</b>	<b>7,012,574</b>	<b>7,012,574</b>	<b>10,074,171</b>	<b>3,061,597</b>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal retirement	580,045,000	580,045,000	580,045,000	-
Interest and other charges	82,216,894	82,216,894	89,592,582	(7,375,688)
<b>Total expenditures</b>	<b>662,261,894</b>	<b>662,261,894</b>	<b>669,637,582</b>	<b>(7,375,688)</b>
<b>REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(655,249,320)</b>	<b>(655,249,320)</b>	<b>(659,563,411)</b>	<b>(4,314,091)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	124,777,455	124,777,455	114,807,144	(9,970,311)
Transfers out	(172,408,463)	(173,123,568)	(24,438,459)	148,685,109
Commercial paper issued	-	-	148,000	148,000
Notes Issued	537,484,439	537,484,439	537,484,439	-
<b>Total other financing sources (uses)</b>	<b>489,853,431</b>	<b>489,138,326</b>	<b>628,001,124</b>	<b>138,862,798</b>
<b>Net change in fund balances</b>	<b>\$ (165,395,889)</b>	<b>\$ (166,110,994)</b>	<b>(31,562,287)</b>	<b>\$ 134,548,707</b>
<b>FUND BALANCES</b>				
Beginning of year			92,379,780	
End of year			\$ 60,817,493	

**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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 3,640,725	\$ (3,640,725)
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,640,725</b>	<b>(3,640,725)</b>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal retirement	-	-	155,515,000	(155,515,000)
Interest and other charges	-	-	12,781,298	(12,781,298)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>168,296,298</b>	<b>(168,296,298)</b>
<b>REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(164,655,573)</b>	<b>(171,937,023)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	174,272,731	174,272,731
Transfers out	-	-	(2,289,033)	(2,289,033)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>171,983,698</b>	<b>171,983,698</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>7,328,125</b>	<b>\$ 46,675</b>
<b>FUND BALANCES</b>				
Beginning of year			12,987,998	
End of year			<b>\$ 20,316,123</b>	

**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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
SAFE program revenue	\$ 3,396,834	\$ 3,396,834	\$ 3,010,849	\$ (385,985)
Investment earnings	-	-	120,396	120,396
<b>Total revenues</b>	<b>3,396,834</b>	<b>3,396,834</b>	<b>3,131,245</b>	<b>(265,589)</b>
<b>EXPENDITURES</b>				
Current:				
SAFE program expense	1,889,348	1,986,348	1,852,344	134,004
<b>Total expenditures</b>	<b>1,889,348</b>	<b>1,986,348</b>	<b>1,852,344</b>	<b>134,004</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,507,486</b>	<b>1,410,486</b>	<b>1,278,901</b>	<b>(131,585)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,276,000	1,276,000
Transfers out	(1,507,486)	(1,557,486)	(1,107,370)	450,116
<b>Total other financing sources (uses)</b>	<b>(1,507,486)</b>	<b>(1,557,486)</b>	<b>168,630</b>	<b>1,726,116</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ (147,000)</b>	<b>1,447,531</b>	<b>\$ 1,594,531</b>
<b>FUND BALANCES</b>				
Beginning of year			7,748,443	
End of year			<b>\$ 9,195,974</b>	

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# STATISTICAL SECTION

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This part of the San Diego Association of Governments (SANDAG) Annual Comprehensive Financial Report (ACFR) 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends These schedules contain trend information to help the reader understand how SANDAG's financial performance and well-being changed over time.	142
Revenue Capacity These schedules contain information to help the reader assess SANDAG's most significant local revenue source, the sales tax.	148
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.	151
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.	153
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the SANDAG ACFR relates to the services SANDAG provides and the activities it performs.	155

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 287,100,514	\$ 223,634,536	\$ 9,168,262	\$ 15,558,636	\$ 445,646,687	\$ 601,533,597	\$ 803,549,001	\$ 901,854,156	\$ (859,629,114)	\$ (624,422,542)
Restricted for:										
Mid-coast project	-	-	-	-	-	-	34,085,951	-	-	-
Debt service	28,414,519	32,633,420	39,337,425	42,315,044	44,561,875	47,604,345	63,669,996	114,332,911	58,327,589	40,712,266
Environmental mitigation	1,207,152	1,209,443	1,119,056	1,124,533	1,123,928	1,159,810	1,177,237	1,188,756	1,191,855	1,239,610
Freeway emergency service	-	-	-	-	8,279,175	8,582,301	8,683,786	8,664,344	7,742,670	9,185,400
Unrestricted (deficit)	(257,431,467)	(324,466,756)	(77,096,184)	(67,760,582)	(623,955,231)	(540,848,703)	(870,635,557)	(860,009,916)	(866,115,250)	(789,939,349)
<b>Total governmental activities net position</b>	<b>\$ 59,290,718</b>	<b>\$ (66,989,357)</b>	<b>\$ (27,471,441)</b>	<b>\$ (8,762,369)</b>	<b>\$ (124,343,566)</b>	<b>\$ 118,031,350</b>	<b>\$ 40,530,414</b>	<b>\$ 166,030,251</b>	<b>\$ (1,476,482,270)</b>	<b>\$ (1,363,224,615)</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 224,324,646	\$ 211,156,058	\$ 195,346,143	\$ 179,758,457	\$ 111,360,673	\$ 105,093,201	\$ 102,412,780	\$ 104,952,159	\$ 102,610,728	\$ 94,612,275
Restricted for:										
Debt service	986	1,397	2,133	3,624	16,940,865	18,285,521	18,476,695	18,642,934	18,888,149	19,143,371
Major maintenance post-acquisition	28,505,216	43,823,810	58,640,048	69,230,054	37,153,023	47,037,264	47,197,962	30,315,681	24,934,775	28,956,830
Project revenue	261,009	429,952	3,152,752	7,099,391	28,955,820	32,062,084	34,285,520	35,340,639	42,646,428	49,491,523
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	20,873,036	13,286,506	15,975,984
Customer prepaid	-	-	-	-	172,395	137,148	69,404	-	-	-
iCommute	-	-	-	-	9,744	12,636	9,071	7,986	9,116	613
Property management	-	-	-	38,563	35,564	549,181	1,374,831	1,960,093	1,812,357	3,368,834
Unrestricted (deficit)	(58,324,897)	(62,056,526)	(62,030,737)	(63,176,668)	397,238	423,438	503,486	493,033	453,104	415,160
<b>Total business-type activities net position</b>	<b>\$ 202,246,393</b>	<b>\$ 206,153,174</b>	<b>\$ 214,810,000</b>	<b>\$ 219,408,330</b>	<b>\$ 226,204,779</b>	<b>\$ 243,489,198</b>	<b>\$ 239,740,451</b>	<b>\$ 212,385,561</b>	<b>\$ 204,641,163</b>	<b>\$ 211,954,590</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 511,425,160	\$ 434,790,594	\$ 204,514,405	\$ 195,317,093	\$ 557,007,360	\$ 706,626,798	\$ 905,961,781	\$ 1,006,806,315	\$ (757,018,386)	\$ (529,810,267)
Restricted for:										
Mid-coast project	-	-	-	-	-	-	34,085,951	-	-	-
Debt service	28,415,505	32,634,817	39,339,558	42,318,668	61,502,740	65,889,866	82,146,691	132,975,845	77,215,718	59,855,637
Environmental mitigation	1,207,152	1,209,443	1,119,056	1,124,533	1,123,928	1,159,810	1,177,237	1,188,756	1,191,855	1,239,610
Major maintenance post-acquisition	28,505,216	43,823,810	58,640,048	69,230,054	37,153,023	47,037,264	47,197,962	30,315,681	24,934,775	28,956,830
Project revenue	261,009	429,952	3,152,752	7,099,391	28,955,820	32,062,084	34,285,520	35,340,639	42,646,428	49,491,523
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	20,873,036	13,286,506	15,975,984
Customer prepaid	-	-	-	-	172,395	137,148	69,404	-	-	-
Freeway emergency service	-	-	-	-	8,279,175	8,582,301	8,683,786	8,664,344	7,742,670	9,185,400
iCommute	-	-	-	-	9,744	12,636	9,071	7,986	9,116	613
Property management	-	-	-	38,563	35,564	549,181	1,374,831	1,960,093	1,812,357	3,368,834
Unrestricted (deficit)	(315,756,364)	(386,523,282)	(139,126,921)	(130,937,250)	(623,557,993)	(540,425,265)	(870,132,071)	(859,516,883)	(685,662,146)	(789,524,189)
<b>Total primary government net position</b>	<b>\$ 261,537,111</b>	<b>\$ 139,163,817</b>	<b>\$ 187,338,559</b>	<b>\$ 210,645,961</b>	<b>\$ 101,861,213</b>	<b>\$ 361,520,548</b>	<b>\$ 280,270,865</b>	<b>\$ 378,415,812</b>	<b>\$ (1,273,841,107)</b>	<b>\$ (1,151,270,025)</b>

Source: Finance Department

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government, net of cost recovery	\$ (486,437)	\$ (34,313)	\$ 1,916,776	\$ 666,106	\$ 365,593	\$ 286,736	\$ 1,811,022	\$ 2,499,313	\$ 2,520,966	\$ 1,954,108
Modeling and research	4,545,222	5,102,366	6,212,388	8,198,683	6,437,020	6,724,948	9,983,140	8,440,708	12,051,270	17,273,262
Criminal Justice	1,495,834	1,303,563	1,214,864	1,524,153	1,021,489	1,101,009	1,103,957	1,960,563	1,369,975	1,835,692
Planning and forecasting	4,394,795	-	-	-	-	-	-	-	-	-
Sustainable development	1,003,906	6,806,436	6,765,168	5,275,752	8,172,047	9,449,673	16,337,124	18,151,915	16,657,620	14,322,807
Sustainable mobility programs and services	21,247,297	18,332,743	18,012,242	20,898,685	17,112,585	22,305,301	21,612,236	21,345,125	27,144,028	35,745,838
Intermodal planning and implementation	1,528,526	1,296,930	-	-	-	-	-	-	-	-
Internal and external coordination	5,353,344	5,524,869	6,016,306	6,707,729	6,914,668	7,223,524	7,123,066	8,169,398	8,059,632	9,426,522
SAFE program	1,600,183	1,669,308	1,436,053	1,631,813	1,870,670	1,589,922	1,520,134	1,490,488	1,444,017	1,852,344
Bicycle facilities	1,900,728	2,186,253	2,446,815	2,772,067	880,943	894,799	365,593	84,154	114,233	193,024
Independent Taxpayer Oversight Committee	96,017	367,036	98,320	100,853	365,963	368,376	376,416	644,536	348,498	281,485
Major corridor capital projects	141,223	2,886,200	564,642	1,932,128	165,400	-	157,915	184,002	121,477	-
Major corridor environmental mitigation	20,306	23,708	12,172	23,857	8,879	7,979	15,124	(594,881)	(3,490,307)	98,779,363
Local project environmental mitigation	7,824	8,100	10,845	20,181	14,275	10,002	10,381	2,423,027	3,511,079	-
Local street improvements	52,452,895	73,431,440	110,896,814	83,303,412	86,085,711	76,138,673	79,726,182	80,642,988	60,941,516	82,049,041
Smart growth	2,525,948	4,166,356	5,680,797	3,224,585	5,596,218	2,698,814	8,809,836	8,024,653	2,390,262	3,230,834
New major corridor transit operations	2,509,523	11,850,929	11,794,749	11,521,508	12,033,896	16,255,635	19,797,668	21,965,308	37,870,548	36,156,214
Transit system improvements	40,266,354	43,217,224	44,659,647	46,459,496	46,247,104	49,741,390	51,033,075	48,942,965	57,137,720	73,027,729
Transit capital contributions	303,556,952	350,041,508	129,905,775	261,986,096	389,693,612	186,145,897	214,437,991	256,402,415	1,926,879,512	178,253,866
Interest on long-term debt	57,551,894	70,639,904	71,181,207	85,266,788	78,563,591	87,183,728	86,706,311	84,799,023	82,026,693	78,632,962
<b>Total governmental activities expenses</b>	<b>501,602,334</b>	<b>598,822,560</b>	<b>418,825,560</b>	<b>541,515,882</b>	<b>661,549,654</b>	<b>468,106,406</b>	<b>520,930,191</b>	<b>565,545,700</b>	<b>2,236,098,739</b>	<b>633,015,091</b>
<b>Business-type activities:</b>										
Service Bureau	546,715	344,081	513,539	486,667	496,080	287,561	310,243	440,155	114,797	71,837
SourcePoint	-	-	-	-	16,565	12,998	11,510	9,466	8,706	12,943
Interstate 15 FasTrak	6,682,099	6,764,023	7,191,848	7,738,446	8,499,225	7,871,335	8,858,083	9,079,059	5,897,211	5,440,782
State Route 125 Toll Road	30,380,940	30,117,602	30,647,549	33,745,657	33,940,919	33,836,049	33,470,990	33,065,565	33,242,636	35,806,760
<b>Total business-type activities expenses</b>	<b>37,511,754</b>	<b>37,225,706</b>	<b>38,352,936</b>	<b>41,980,770</b>	<b>42,952,789</b>	<b>42,007,943</b>	<b>42,850,826</b>	<b>42,594,245</b>	<b>39,263,350</b>	<b>41,332,322</b>
<b>Total primary government expenses</b>	<b>\$ 539,114,088</b>	<b>\$ 636,048,266</b>	<b>\$ 457,178,516</b>	<b>\$ 583,496,652</b>	<b>\$ 704,502,443</b>	<b>\$ 510,114,349</b>	<b>\$ 563,581,017</b>	<b>\$ 608,139,945</b>	<b>\$ 2,275,362,089</b>	<b>\$ 674,347,413</b>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 547,425	\$ 547,426	\$ 547,424	\$ 547,426	\$ 547,426	\$ 547,424	\$ 1,094,852	\$ 1,130,325	\$ 1,148,636	\$ 1,181,717
Criminal justice	200,000	200,001	200,001	200,000	219,999	219,608	225,951	233,272	-	244,379
SAFE program	2,757,111	2,787,196	2,886,386	2,954,988	2,694,729	3,252,355	2,947,341	3,035,657	2,983,968	3,010,849
Operating grants and contributions	34,298,223	33,680,470	31,489,804	32,714,717	34,414,426	39,970,028	40,211,436	42,505,970	46,415,643	57,756,655
Capital grants and contributions	150,652,714	175,682,343	132,821,561	202,046,295	174,148,558	331,973,062	48,465,874	257,050,678	109,220,292	227,280,995
<b>Total governmental activities program revenues</b>	<b>188,855,473</b>	<b>212,897,436</b>	<b>167,951,156</b>	<b>238,463,426</b>	<b>212,017,138</b>	<b>375,862,477</b>	<b>90,945,454</b>	<b>303,955,102</b>	<b>159,768,539</b>	<b>289,474,565</b>
Business-type activities:										
Charges for services:										
Service Bureau	639,983	384,544	559,527	524,076	531,285	313,877	390,227	517,518	85,709	33,272
SourcePoint	-	-	-	-	226,362	11,880	4,416	5,671	5,626	1,915
Interstate 15 FasTrak	6,449,971	10,156,279	12,216,848	12,992,560	13,510,720	14,597,256	11,513,099	2,731,404	9,900,423	11,048,596
State Route 125 Toll Road	29,764,264	32,031,279	35,075,079	37,618,422	41,748,531	41,628,570	37,883,290	29,485,519	34,342,864	38,788,057
<b>Total business-type activities program revenues</b>	<b>36,854,218</b>	<b>42,572,102</b>	<b>47,851,454</b>	<b>51,135,058</b>	<b>56,016,898</b>	<b>96,551,583</b>	<b>49,791,032</b>	<b>32,738,312</b>	<b>44,334,622</b>	<b>49,851,640</b>
<b>Total primary government program revenues</b>	<b>225,709,691</b>	<b>255,469,538</b>	<b>215,802,610</b>	<b>289,598,484</b>	<b>268,034,036</b>	<b>432,514,060</b>	<b>140,736,486</b>	<b>338,693,414</b>	<b>204,103,161</b>	<b>339,326,205</b>
Net (expense)/revenue	\$ (313,376,861)	\$ (385,925,124)	\$ (250,870,424)	\$ (303,052,466)	\$ (449,532,516)	\$ (92,143,929)	\$ (429,994,737)	\$ (261,588,598)	\$ (2,076,330,200)	\$ (843,540,528)
Governmental activities	(657,536)	5,346,396	9,498,518	9,154,288	13,064,109	14,543,640	7,140,206	(9,855,933)	5,071,472	8,519,518
Business-type activities	(314,034,397)	(380,578,728)	(241,371,906)	(293,898,178)	(436,468,407)	(77,600,289)	(422,844,531)	(271,446,531)	(2,071,258,728)	(835,021,007)
<b>Total primary government net expense</b>	<b>\$ (671,568,863)</b>	<b>\$ (766,504,124)</b>	<b>\$ (492,873,418)</b>	<b>\$ (596,950,684)</b>	<b>\$ (536,474,407)</b>	<b>\$ (64,097,578)</b>	<b>\$ (355,644,302)</b>	<b>\$ (281,042,124)</b>	<b>\$ (2,076,330,200)</b>	<b>\$ (836,521,510)</b>
<b>General Revenues and Other Change in Net Position</b>										
Governmental activities:										
Local Transfer/ sales tax funds	\$ 261,732,291	\$ 270,482,476	\$ 276,983,787	\$ 288,985,955	\$ 302,364,081	\$ 303,529,448	\$ 319,251,738	\$ 347,716,393	\$ 412,160,194	\$ 426,513,982
Local Transportation Development Act sales tax funds	9,932,385	11,294,388	12,144,169	15,635,044	10,200,837	11,472,988	10,140,628	11,530,768	9,652,744	16,020,702
Investment earnings (loss)	4,604,966	10,894,328	550,944	14,043,487	15,120,087	18,522,398	12,735,311	10,386,338	(2,979,451)	27,290,453
Other revenues	9,832	-	173,282	53,872	53,872	532,730	2,525,622	528,063	13,057	84,808
Increase (decrease) upon hedge termination	-	-	-	-	-	-	-	-	-	(17,152,548)
Transfers in (out)	103,622	(2,086,871)	1,136,158	5,063,080	7,694,442	431,281	13,830,462	16,925,873	12,751,135	6,040,884
<b>Total governmental activities</b>	<b>276,383,096</b>	<b>290,578,403</b>	<b>290,868,340</b>	<b>321,761,538</b>	<b>335,432,642</b>	<b>334,516,845</b>	<b>352,483,801</b>	<b>387,089,435</b>	<b>431,817,679</b>	<b>458,798,181</b>
Business-type activities:										
Investment earnings	36,226	201,842	294,466	468,559	1,532,640	2,658,443	2,115,859	591,654	243,984	2,571,380
Other revenues	-	-	-	38,563	-	513,617	825,650	(1,164,738)	(308,728)	2,263,412
Transfers in (out)	(103,622)	2,086,871	(1,136,158)	(5,063,080)	(7,694,442)	(431,281)	(13,830,462)	(16,925,873)	(12,751,135)	(6,040,884)
<b>Total business-type activities</b>	<b>(67,396)</b>	<b>2,288,713</b>	<b>(841,692)</b>	<b>(4,555,959)</b>	<b>(6,161,802)</b>	<b>2,740,779</b>	<b>(10,888,953)</b>	<b>(17,488,957)</b>	<b>(12,815,869)</b>	<b>(1,206,092)</b>
<b>Total primary government</b>	<b>\$ 208,987,000</b>	<b>\$ 292,867,116</b>	<b>\$ 289,546,648</b>	<b>\$ 317,205,580</b>	<b>\$ 329,270,840</b>	<b>\$ 337,259,624</b>	<b>\$ 341,594,848</b>	<b>\$ 369,590,478</b>	<b>\$ 419,001,810</b>	<b>\$ 457,592,089</b>
Change in net position	\$ (462,581,863)	\$ (473,637,008)	\$ (287,070,768)	\$ (289,445,104)	\$ (270,457,567)	\$ (308,838,954)	\$ (214,049,454)	\$ (217,448,646)	\$ (2,076,330,200)	\$ (497,169,421)
Governmental activities	(468,933,765)	(479,346,721)	(287,070,768)	(289,445,104)	(270,457,567)	(308,838,954)	(214,049,454)	(217,448,646)	(2,076,330,200)	(497,169,421)
Business-type activities	65,351,862	60,708,713	101,693,920	100,000,000	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
<b>Total primary government</b>	<b>\$ (397,718,697)</b>	<b>\$ (877,116,112)</b>	<b>\$ (185,376,848)</b>	<b>\$ (189,445,104)</b>	<b>\$ (170,457,567)</b>	<b>\$ (208,838,954)</b>	<b>\$ (114,049,454)</b>	<b>\$ (117,448,646)</b>	<b>\$ (2,076,330,200)</b>	<b>\$ (397,169,421)</b>

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)*

	2014	2015	2016	2017	2018
<b>General fund</b>					
Nonspendable	\$ 465,189	\$ 191,813	\$ 107,893	\$ 256,879.00	\$ 371,896
Restricted	-	-	-	-	4,771,795
Committed	-	-	-	-	7,990,000
Assigned	-	-	-	-	140,460
Unassigned	13,817,185	14,670,176	13,128,367	16,435,274	3,846,604
<b>Total general fund</b>	<b>\$ 14,282,374</b>	<b>\$ 14,861,989</b>	<b>\$ 13,236,260</b>	<b>\$ 16,692,153</b>	<b>\$ 17,120,755</b>
<b>All other governmental funds</b>					
Unreserved, reported in:					
Special revenue funds	\$ 1,917	\$ -	\$ -	\$ -	\$ -
Nonspendable, reported in:					
Special revenue funds	7,129,070	24,403	150,835	\$ 125,131	\$ 232,555
Capital projects fund	-	3,814,294	5,769,471	256,119	272,330
Restricted, reported in:					
Special revenue funds	509,764,607	580,925,918	567,247,729	489,563,141	438,673,832
Debt service fund	62,883,888	231,030,381	69,088,189	225,652,427	413,051,537
Assigned, reported in:					
Capital projects fund	(10,095,000)	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	(3,058,296)	(1,955,396)	(5,301,881)	(3,069,879)
Capital projects fund	-	(22,651,697)	(10,295,468)	(4,892,812)	(8,161,334)
<b>Total all other governmental funds<sup>1</sup></b>	<b>\$ 569,684,482</b>	<b>\$ 790,085,003</b>	<b>\$ 630,005,360</b>	<b>\$ 705,402,125</b>	<b>\$ 840,999,041</b>
	2019	2020	2021	2022	2023
<b>General fund</b>					
Nonspendable	\$ 239,183	\$ 409,812	\$ 518,010	\$ 775,041	\$ 947,587
Restricted	6,705,300	8,182,701	11,563,428	10,764,256	12,791,844
Committed	5,812,000	5,302,000	6,022,000	7,560,000	7,690,000
Assigned	293,625	-	-	-	-
Unassigned	6,010,082	5,956,457	3,244,607	4,429,494	2,563,336
<b>Total general fund</b>	<b>\$ 19,060,190</b>	<b>\$ 19,850,970</b>	<b>\$ 21,348,045</b>	<b>\$ 23,528,791</b>	<b>\$ 23,992,767</b>
<b>All other governmental funds</b>					
Nonspendable, reported in:					
Special revenue funds	\$ 102,432	\$ 360,121	\$ 257,316	\$ 51,118	\$ 21,315
Capital projects fund	6,676,335	3,500,044	2,325,553	126,606	209,078
General Services Fund	-	-	-	448,443	365,065
Debt service fund	-	-	-	-	300
Other Governmental Funds	-	-	-	5,773	10,573
Restricted, reported in:					
Special revenue funds	562,554,009	532,797,254	495,401,526	657,883,814	683,756,951
Debt service fund	102,592,899	199,327,860	313,018,640	92,379,780	81,133,316
Other Governmental Funds	-	-	-	20,730,669	22,173,399
Unassigned, reported in:					
Special revenue funds	-	(5,344,746)	(1,993,886)	-	(342)
Capital projects fund	(7,277,766)	(7,391,472)	(11,974,365)	(6,499,128)	(4,177,972)
General Services Fund	-	-	-	(6,379,090)	(3,433,591)
Debt service fund	-	-	-	-	-
Other Governmental Funds	-	-	-	-	(12,987,998)
<b>Total all other governmental funds<sup>1</sup></b>	<b>\$ 664,647,909</b>	<b>\$ 723,249,061</b>	<b>\$ 797,034,784</b>	<b>\$ 758,747,985</b>	<b>\$ 767,070,094</b>

Source: Finance Department

Note: <sup>1</sup>Certain amounts from prior years have been reclassified in order to present comparable results

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Federal funds	\$ 97,537,254	\$ 58,992,094	\$ 109,641,390	\$ 199,748,046	\$ 141,139,315	\$ 339,203,641	\$ 38,304,557	\$ 242,768,756	\$ 109,259,585	\$ 248,716,950
State funds	89,207,154	94,902,014	40,544,354	15,741,066	55,524,721	26,189,801	34,934,750	24,839,310	24,875,121	21,065,071
Local TransNet sales tax funds	261,732,291	270,482,476	276,383,787	266,965,955	302,364,081	303,529,448	313,251,738	347,716,393	412,180,194	426,513,882
Local Transportation Development Act sales tax funds	9,932,385	11,284,888	12,144,169	15,635,044	10,200,837	11,472,988	10,140,628	11,530,788	9,852,744	16,020,702
Other local governmental funding	5,347,828	41,345,625	23,076,654	20,646,249	10,997,231	9,887,819	7,778,112	30,830,838	22,449,004	14,414,799
SAFE program revenue	2,757,111	2,787,196	2,896,366	2,954,988	2,694,729	3,252,355	2,947,341	3,035,857	2,983,968	3,010,849
Member agency assessments	747,425	747,427	747,425	747,426	761,425	767,032	1,320,803	1,363,597	1,385,687	1,426,096
Investment earnings	6,411,023	7,067,123	10,059,633	7,615,586	11,603,006	24,977,950	24,338,715	5,764,895	(5,619,034)	27,515,469
Debt repayments from other governments	1,593,525	1,729,969	1,879,752	1,806,954	1,519,755	1,990,505	4,150,792	3,433,190	3,638,000	2,130,269
Other revenues	185,844	89,642	278,598	185,787	53,195	532,730	2,525,662	528,063	164,545	84,808
<b>Total revenues</b>	<b>475,451,840</b>	<b>489,418,454</b>	<b>477,652,128</b>	<b>552,047,101</b>	<b>536,858,295</b>	<b>721,804,269</b>	<b>439,683,098</b>	<b>671,817,667</b>	<b>581,169,794</b>	<b>760,898,895</b>
<b>Expenditures</b>										
Current:										
General government	40,237,955	40,232,641	41,834,324	44,077,916	44,806,974	49,672,055	54,579,269	56,925,934	62,962,553	68,606,956
Cost recovery	(40,829,605)	(39,803,511)	(40,055,697)	(43,552,068)	(45,001,058)	(49,867,533)	(54,385,304)	(55,553,687)	(59,573,710)	(67,724,739)
Modeling and research	4,520,203	5,088,282	6,203,055	8,194,350	6,478,846	6,700,639	9,983,140	8,440,708	12,051,270	17,580,488
Criminal justice	1,495,834	1,303,563	1,214,864	1,524,153	1,021,489	1,101,009	1,103,957	1,960,563	1,369,975	1,835,692
Planning and forecasting	4,394,795	-	-	-	-	-	-	-	-	-
Sustainable development	1,033,906	6,806,436	6,765,168	5,275,752	8,172,047	9,449,673	16,337,124	18,151,915	16,657,620	14,322,807
Sustainable mobility programs and services	21,159,246	19,015,421	18,084,006	18,629,735	20,037,889	23,161,705	19,500,160	22,216,407	27,107,788	33,610,378
Intermodal planning and implementation	1,528,526	1,296,930	-	-	-	-	-	-	-	-
Internal and external coordination	5,353,344	5,524,869	6,016,306	6,707,729	6,914,668	7,223,524	7,123,096	8,169,398	8,059,632	9,426,522
SAFE program	1,600,183	1,669,308	1,436,053	1,631,813	1,870,670	1,589,922	1,520,134	1,490,488	1,444,017	1,852,344

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bicycle facilities	\$ 1,990,728	\$ 2,186,253	\$ 2,446,815	\$ 2,772,067	\$ 880,943	\$ 894,799	\$ 365,593	\$ 84,154	\$ 114,233	\$ 193,024
Independent Taxpayer Oversight Committee	96,017	367,036	98,320	100,853	365,953	368,376	376,416	644,536	346,498	281,485
Major corridor capital projects	141,223	2,886,200	564,642	1,932,128	165,400	-	157,915	184,002	121,477	206,061
Major corridor environmental mitigation	20,306	23,708	12,172	23,857	8,879	7,979	15,124	(584,881)	(3,490,307)	-
Local project environmental mitigation	7,824	8,100	10,845	20,181	14,275	10,002	10,381	2,423,027	3,511,079	-
Local street and road improvements	61,583,853	76,691,415	113,647,914	85,032,205	87,149,711	79,555,673	109,104,182	81,195,988	60,941,516	82,197,041
Smart growth	2,525,948	4,168,356	5,680,797	3,224,585	5,596,218	2,698,814	8,809,836	8,024,653	2,390,282	3,230,834
New major corridor transit operations	2,509,823	11,850,929	11,794,749	11,521,508	12,033,896	16,255,635	19,797,658	21,965,308	37,870,548	36,156,214
Transit system improvements	40,266,354	43,217,224	44,659,647	46,459,496	46,247,104	49,741,390	51,033,075	48,942,965	57,137,720	75,625,850
Regional transportation improvements <sup>1</sup>	427,710,598	362,366,104	371,900,100	531,402,710	664,502,130	567,507,977	493,168,391	408,805,713	266,463,558	159,712,853
Debt service:										
Principal retirement	16,585,000	60,050,000	22,455,000	72,510,000	55,906,000	29,754,000	31,642,000	35,638,000	37,592,000	735,560,000
Debt issuance costs	-	563,594	-	1,284,951	1,557,833	-	2,419,246	1,143,184	140,937	-
Interest and other charges	56,961,271	66,587,190	72,279,578	83,332,849	87,552,444	104,238,608	109,424,925	100,945,273	118,542,758	102,373,880
Payment to refunding escrow agent	-	-	-	-	-	-	4,240,102	10,690,521	-	-
<b>Total expenditures</b>	<b>650,893,032</b>	<b>672,090,048</b>	<b>666,938,658</b>	<b>882,106,770</b>	<b>1,006,292,311</b>	<b>900,064,247</b>	<b>886,326,419</b>	<b>781,904,169</b>	<b>651,763,424</b>	<b>1,275,048,690</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(175,441,192)</b>	<b>(182,671,594)</b>	<b>(209,266,530)</b>	<b>(330,059,669)</b>	<b>(469,424,016)</b>	<b>(178,259,978)</b>	<b>(446,633,321)</b>	<b>(110,086,502)</b>	<b>(70,593,630)</b>	<b>(514,150,795)</b>
<b>Other financing sources (uses)</b>										
Transfers in	637,648,946	492,307,822	573,094,870	667,372,977	1,023,074,533	714,636,727	698,498,096	359,980,282	492,860,604	452,530,123
Transfers out	(637,545,324)	(492,294,556)	(571,958,712)	(662,279,212)	(1,015,380,091)	(714,205,446)	(684,687,634)	(343,954,409)	(480,109,469)	(446,489,239)
Pass-through payments to MTS	-	-	-	-	-	3,417,000	29,378,000	553,000	-	148,000
recess pass thru from MTS to "other local gov funding" in FY09	-	-	-	-	-	-	-	-	-	-
Commercial paper issued	40,726,000	1,999,000	46,445,000	325,000,000	537,480,000	3,417,000	852,440,000	803,470,000	-	-
Bonds issued	-	350,000,000	-	325,000,000	-	-	852,440,000	803,470,000	-	148,000
Bonds issued	-	-	-	-	-	-	-	-	1,000,000	-
Payment to refunding escrow agent	-	-	-	-	-	-	-	(707,802,052)	-	-
Premium on bonds issued	-	55,305,483	-	78,818,562	31,625,092	-	56,420,838	72,222,479	-	-
<b>Total other financing sources (uses)</b>	<b>40,829,622</b>	<b>407,317,749</b>	<b>47,581,158</b>	<b>408,912,327</b>	<b>605,449,534</b>	<b>3,848,281</b>	<b>506,025,254</b>	<b>185,369,300</b>	<b>13,751,135</b>	<b>543,673,323</b>
<b>Net change in fund balances<sup>3</sup></b>	<b>\$ (134,611,570)</b>	<b>\$ 224,646,155</b>	<b>\$ (161,705,372)</b>	<b>\$ 78,852,658</b>	<b>\$ 136,025,518</b>	<b>\$ (174,411,697)</b>	<b>\$ 59,391,933</b>	<b>\$ 75,282,798</b>	<b>\$ (56,842,495)</b>	<b>\$ 29,522,528</b>
Capitalized assets	\$ 124,034,459	\$ 1,010,399	\$ 241,979,576	\$ 269,822,127	\$ 278,617,416	\$ 383,849,571	\$ 277,911,789	\$ 154,333,455	\$ (1,661,267,695)	\$ (115,562,998)
<b>Debt service as a percentage of noncapital expenditures<sup>2,3</sup></b>	<b>13.96%</b>	<b>18.87%</b>	<b>21.29%</b>	<b>25.45%</b>	<b>19.71%</b>	<b>25.96%</b>	<b>23.19%</b>	<b>21.76%</b>	<b>6.75%</b>	<b>21.61%</b>

Source: Finance Department

<sup>1</sup>Beginning in 2016, Regional transportation improvements replaced Capital outlay.

<sup>2</sup>Debt service ratio is calculated by dividing total debt service expenditures by total expenditures and capitalized assets.

<sup>3</sup>Updated prior years to reflect Financial Reports.

Note: Certain amounts from prior years have been reclassified in order to present comparable results. Beginning FY23, cost recovery is presented as net of general government of the financial statement.

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

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<u>Fiscal Year</u>	<u>Sales Tax</u>
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
2021	347,716,393
2022	412,180,195
2023	426,513,883

Source: Finance Department



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

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Fiscal Year	<i>TransNet</i> Sales Tax Proposition A <sup>1</sup>	County of San Diego <sup>2</sup>
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	0.50%	7.75%
2021	0.50%	7.75%
2022	0.50%	7.75%
2023 <sup>3</sup>	0.50%	7.75%

Source: California Department of Tax and Fee Administration

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

<sup>2</sup> 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%
Imperial Beach	8.75%
La Mesa	8.50%
National City	8.75%
Oceanside	8.25%
Solana Beach	8.75%
Vista	8.25%

<sup>3</sup> Rates Effective 10/1/23

**San Diego Association of Governments**  
**San Diego Region Taxable Sales by Jurisdiction**  
**Fiscal Year 2023<sup>1</sup> and Nine Years Prior**

	FY 2023 <sup>1</sup>			FY 2014 <sup>2</sup>		
	Taxable Sales (in thousands)	Rank	Percentage of Total	Taxable Sales (in thousands)	Rank	Percentage of Total
San Diego	\$ 31,173,264	1	38.7%	\$ 21,937,104	1	42.6%
Carlsbad	4,362,453	3	5.4%	2,816,256	3	5.5%
Escondido	3,764,851	4	4.7%	2,813,790	4	5.5%
Chula Vista	3,739,286	5	4.6%	2,607,889	5	5.1%
El Cajon	2,690,309	6	3.3%	2,024,771	6	3.9%
Oceanside	2,350,214	7	2.9%	1,657,141	7	3.2%
Vista	1,912,022	8	2.4%	1,366,576	10	2.7%
National City	1,876,560	9	2.3%	1,408,367	8	2.7%
San Marcos	1,787,006	10	2.2%	1,392,974	9	2.7%
Santee	1,552,740	11	1.9%	915,366	14	1.8%
La Mesa	1,446,138	12	1.8%	1,031,640	13	2.0%
Encinitas	1,407,202	13	1.7%	1,081,313	11	2.1%
Poway	1,402,550	14	1.7%	1,056,336	12	2.1%
Lemon Grove	622,625	15	0.8%	409,445	15	0.8%
Coronado	409,071	16	0.5%	267,969	16	0.5%
Solana Beach	376,807	17	0.5%	241,207	17	0.5%
Del Mar	178,568	18	0.2%	153,424	18	0.3%
Imperial Beach	154,442	19	0.2%	78,109	19	0.2%
Incorporated	61,206,109			43,259,676		
Unincorporated	19,271,899	2	23.9%	8,178,778	2	15.9%
San Diego Region Total	<u>\$ 80,478,008</u>		<u>100.0%</u>	<u>\$ 51,438,455</u>		<u>100.0%</u>

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

<sup>1</sup> Sum of data for third and fourth quarters of 2022 and first and second quarters of 2023.

<sup>2</sup> Sum of data for third and fourth quarters of 2013 and first and second quarters of 2014.

**San Diego Association of Governments  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities										Business-type Activities								
	Sales Tax Revenue/Grant Receipts										Total	Subscription-Based Liabilities	TIFIA Notes	Toll Revenue Bonds	Subscription-Based Liabilities	Total	Primary Government <sup>4</sup>	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Revenue Bonds	Short-Term Notes	Commercial Paper	Revolving Notes	TIFIA Loan	Lease Payable	Subscription-Based Liabilities	Total <sup>2</sup>	TIFIA Notes	Toll Revenue Bonds									
2014	1,191,472,800	-	73,001,000	-	-	-	-	1,264,473,800	159,790,992	-	-	159,790,992	1,424,264,792	1,424,264,792	0.760%	440			
2015	1,578,319,663	-	30,440,000	-	-	-	1,608,759,663	160,299,501	160,299,501	-	-	160,299,501	1,769,059,164	1,769,059,164	0.905%	541			
2016	1,554,507,253	-	75,000,000	-	-	-	1,629,507,253	161,363,535	161,363,535	-	-	161,363,535	1,790,870,788	1,790,870,788	0.903%	545			
2017	1,928,645,386	-	26,750,000	-	-	-	1,955,395,386	164,765,824	164,765,824	-	-	164,765,824	2,120,164,210	2,120,164,210	1.061%	641			
2018	1,882,812,559	567,116,301	26,614,000	-	-	-	2,476,542,860	-	-	230,697,785	-	230,697,785	2,707,240,645	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	2,655,832,323	1.231%	795			
2020	2,250,594,911	545,512,713	56,213,000	-	-	-	2,852,320,624	-	218,376,331	-	-	218,376,331	3,070,696,955	3,070,696,955	1.204%	922			
2021	2,343,043,860	567,428,810	53,488,000	-	-	-	2,963,960,670	-	211,460,544	-	-	211,460,544	3,175,421,215	3,175,421,215	1.222%	966			
2022	2,294,359,833	543,416,989	49,875,000	1,000,000	-	-	2,888,652,822	-	204,377,015	-	-	204,377,015	3,093,029,837	3,093,029,837	1.266%	941			
2023	2,084,271,791	-	46,164,000	1,000,000	537,484,439	1,891,639	2,671,544,055	732,186	197,113,933	35,376	-	197,149,309	2,868,693,364	2,868,693,364	1.174%	873			

Source: Finance Department

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

<sup>1</sup>See the Schedule of Demographic and Economic Statistics for personal income and population data.

<sup>2</sup>Used the most recent data available (2022).

<sup>3</sup>The SR 125 TIFIA Notes were repaid in fiscal year 2018.

<sup>4</sup>Updated prior years to reflect Financial Reports.

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

	Fiscal Year							
	2015	2016	2017	2018	2019	2020	2021	2022
SR 125 Project revenue	\$ 31,951,777	\$ 35,346,500	\$ 38,049,829	\$ 42,826,499	\$ 43,485,397	\$ 39,194,197	\$ 29,774,997	\$ 34,503,235
Less: Operating and maintenance costs	(8,914,720)	(11,384,338)	(11,540,125)	(10,980,405)	(12,805,257)	(12,536,614)	(11,889,074)	(11,752,797)
Net available revenue	<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>	<u>\$ 17,885,923</u>	<u>\$ 22,750,438</u>
<b>TIFIA Pledged-Revenue Coverage<sup>1</sup></b>								
Net available revenue	23,037,057	23,962,162	26,509,704	31,846,094	30,680,140	26,657,583	17,885,923	22,750,438
Debt service								
Principal	1,468,175	1,140,315	637,212	-	-	-	-	-
Interest	3,482,998	3,664,849	3,886,914	-	-	-	-	-
Total debt service	<u>\$ 4,951,173</u>	<u>\$ 4,805,164</u>	<u>\$ 4,524,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	4.65	4.99	5.86	n/a	n/a	n/a	n/a	n/a
<b>First Subordinate Obligation Pledged-Revenue Coverage<sup>1</sup></b>								
Net available revenue	23,037,057	23,962,162	26,509,704	31,846,094	30,680,140	26,657,583	17,885,923	22,750,438
Less:								
TIFIA debt service	(4,951,173)	(4,805,164)	(4,524,126)	-	-	-	-	-
Major maintenance reserve fund deposits	(12,727,141)	(15,572,916)	(16,485,768)	(14,602,762)	-	-	-	-
Adjusted net available revenue	<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>	<u>\$ 17,885,923</u>	<u>\$ 22,750,438</u>
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	2,649,982	2,649,982	2,649,982	662,495	-	-	-	-
Total debt service	<u>\$ 2,649,982</u>	<u>\$ 2,649,982</u>	<u>\$ 2,649,982</u>	<u>\$ 662,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	2.02	1.35	2.08	26.03	n/a	n/a	n/a	n/a
<b>Bond Pledged-Revenue Coverage</b>								
Net available revenue	23,037,057	23,962,162	26,509,704	31,846,094	30,680,140	26,657,583	17,885,923	22,750,438
Debt service								
Principal	-	-	-	3,070,000	4,315,000	4,535,000	4,765,000	5,010,000
Interest	-	-	-	5,913,294	9,553,500	9,337,750	9,111,000	8,872,750
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,983,294</u>	<u>\$ 13,868,500</u>	<u>\$ 13,872,750</u>	<u>\$ 13,876,000</u>	<u>\$ 13,882,750</u>
Coverage	0.00	0.00	0.00	3.55	2.21	1.92	1.29	1.64

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.

<sup>1</sup> 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 Years<sup>1</sup>**

Calendar Year	Population <sup>2</sup>	Personal Income <sup>3</sup>	Per Capita Personal Income <sup>3</sup>	Median Age <sup>4</sup>	Unemployment Rate <sup>5</sup>
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%
2020	3,331,279	254,949,444	76,532	36.1	9.4%
2021	3,288,503	259,811,468	79,006	36.4	6.5%
2022	3,287,306	244,332,306	74,326	36.8	n/a

Source: Data compiled by SANDAG Service Bureau

<sup>1</sup> Data for 2023 is not yet available, therefore, 2022 data is the most current year provided.

<sup>2</sup> California Department of Finance, "January Population and Housing Estimates";

<sup>3</sup> 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."

<sup>4</sup> SANDAG Estimates, Vintage 2019 (2011-2019), SANDAG Estimates, Vintage 20010 (2005-2010);

<sup>5</sup> 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 2021<sup>1</sup> and Ten Years Prior**

Industry Type	2021 <sup>1</sup>		2012	
	Annual Employment	% of Total Employment	Annual Employment	% of Total Employment
Agriculture	8,700	0.6%	9,900	0.8%
Natural Resources and Mining	300	0.0%	300	0.0%
Construction	81,800	5.8%	55,200	4.3%
Manufacturing	113,500	8.1%	96,600	7.6%
Wholesale Trade	41,000	2.9%	44,200	3.5%
Retail Trade	135,900	9.7%	133,000	10.5%
Transportation, Warehousing and Utilities	35,900	2.6%	26,600	2.1%
Information	21,500	1.5%	24,300	1.9%
Financial Activities	74,800	5.3%	68,600	5.4%
Professional and Business Services	259,700	18.5%	206,200	16.2%
Educational and Health Services	214,700	15.3%	172,300	13.6%
Leisure and Hospitality	138,900	9.9%	153,800	12.1%
Other Services	44,100	3.1%	48,700	3.8%
Government (civilian)	235,600	16.8%	230,900	18.2%
<b>Total, All Industries</b>	<b>1,406,400</b>	<b>100.0%</b>	<b>1,270,600</b>	<b>100.0%</b>

Source: California Employment Development Department, Labor Market Information Division, March 2021 and 2012 Benchmark.

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

<sup>1</sup> Using most recent data available (2021)

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

Functional Department	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Regular Full-Time Equivalent (FTE) Employees: <sup>1</sup>										
Administration/Organization Effectiveness	33	33	35	34	35	36	29	25	22	46
Contracts and Grants	-	-	-	-	-	-	23	23	-	-
Strategic Communications	-	-	9	9	9	9	28	24	26	29
Finance	17	15	16	16	16	16	18	15	16	22
Executive	31	31	15	11	12	12	16	11	7	6
Office of the Independent Auditor	-	-	-	-	-	-	2	2	3	6
Technical Services	55	55	54	49	51	51	27	24	21	31
Transportation Planning	35	35	36	39	36	36	34	25	41	42
Data management and Operations	4	4	20	26	26	28	69	61	58	60
ARJIS (3)	-	-	-	-	-	-	17	16	-	-
TransNet Department	-	9	8	8	8	8	11	8	10	13
Mobility Management and Project Implementation	40	37	29	30	29	29	46	35	30	31
<b>Total Regular FTE Employees</b>	<b>215</b>	<b>219</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>225</b>	<b>320</b>	<b>269</b>	<b>234</b>	<b>286</b>
Limited Term FTE Employees: <sup>2</sup>										
Administration	4	13	15	17	16	20	-	-	4	4
Contracts and Grants	-	-	-	-	-	-	1	2	-	-
Strategic Communications	-	-	9	8	8	8	-	2	8	7
Finance	1	1	1	2	2	1	2	3	4	6
Executive	7	12	3	2	2	3	-	-	2	2
Technical Services	9	10	10	10	10	14	-	-	-	-
Transportation Planning	-	-	-	-	-	-	3	4	5	2
Land Use and Transportation Planning	9	7	6	6	6	8	-	-	-	-
Data management and Operations	-	1	2	4	4	7	1	3	3	5
ARJIS	-	-	-	-	-	-	2	1	-	-
TransNet Department	-	1	2	2	2	2	-	1	2	6
Mobility Management and Project Implementation	4	6	5	4	5	4	-	1	1	1
<b>Total Limited Term FTE Employees</b>	<b>34</b>	<b>51</b>	<b>53</b>	<b>55</b>	<b>55</b>	<b>67</b>	<b>9</b>	<b>18</b>	<b>29</b>	<b>33</b>
Toll Operations Personnel (TOP) FTE Employees:										
Operations	# 51	47	50	50	50	65	63	53	50	58
Finance	# -	4	4	4	4	4	4	4	4	3
<b>Total Toll Operations Personnel (TOP) FTE Employees</b>	<b># 51</b>	<b>51</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>69</b>	<b>67</b>	<b>57</b>	<b>54</b>	<b>61</b>
Temporary, Interns, Part-time, or Seasonal (TIPS) Employees: <sup>3</sup>										
Administration/Organization Effectiveness	4	4	4	4	4	1	2	3	1	5
Contracts and Grants	-	-	-	-	-	-	2	5	-	-
Strategic Communications	-	-	4	5	5	5	8	4	6	4
Finance	-	1	4	1	1	0	0	0	1	0
Executive	4	4	4	2	5	2	1	2	1	1
Office of the Independent Auditor	-	-	-	-	-	-	2	2	-	1
Technical Services	9	15	15	6	9	17	4	1	2	1
Land Use and Transportation Planning	16	18	18	16	16	11	10	12	6	7
Data management and Operations	1	5	5	5	6	1	17	11	14	14
TransNet Department	-	2	2	2	2	1	2	1	1	4
Mobility Management and Project Implementation	13	5	4	4	4	2	8	4	2	3
<b>Total TIPS Employees</b>	<b>47</b>	<b>54</b>	<b>60</b>	<b>45</b>	<b>52</b>	<b>40</b>	<b>56</b>	<b>45</b>	<b>34</b>	<b>40</b>
<b>Total Employees</b>	<b>347</b>	<b>375</b>	<b>389</b>	<b>376</b>	<b>383</b>	<b>401</b>	<b>452</b>	<b>389</b>	<b>351</b>	<b>420</b>

<sup>1</sup> Regular positions make up the core Board of Director authorized positions.

Most regular positions are full-time.

<sup>2</sup> 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.

<sup>3</sup> 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 was included in the Administration, ARJIS was included in Technical services in the prior years; Office of the Independent Auditor was formed in FY 20.

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

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Functions/Programs</b>					
Transit capital funding - construction-in-progress (CIP)					
Major improvements - light rail transit	\$ 24,186	\$ 123,725	\$ -	\$ 104,122	\$ -
Major improvements - bus	21,723,804	20,830,535	56,947,198	22,735,116	7,192,862
Operations capital - light rail transit	2,644,422	152,432	35,550	66,836	138,150
Major corridor projects	581,750,439	561,353,084	799,180,616	1,083,592,246	1,345,361,329
Operations capital - SANDAG	1,337,743	2,197,159	2,358,602	2,720,640	1,791,005
Major improvements - SANDAG	12,865,882	22,183,660	34,710,936	47,212,160	63,249,252
Goods movement projects	24,601,264	49,090,652	5,861,783	6,095,318	7,198,362
<b>Total transit capital funding - CIP</b>	<b>644,947,739</b>	<b>655,931,247</b>	<b>899,094,685</b>	<b>1,162,526,438</b>	<b>1,424,930,960</b>
<b>Capital assets</b>					
Transit capital contributions - land	5,241,439	5,241,439	5,241,439	7,979,613	6,829,613
Transit capital contributions - building	-	-	-	4,837,918	4,740,510
General government	258,070	370,868	342,908	273,354	335,902
Modeling and research	28,025	13,941	4,608	275	-
Smart mobility programs and services activities	334,719	276,997	384,921	509,006	178,204
Major Corridor Capital Projects	5,147,169	4,044,204	2,941,239	1,838,274	3,656,758
Transit System Improvements	315,811	404,675	253,147	120,196	80,131
<b>Total capital assets</b>	<b>\$ 656,272,972</b>	<b>\$ 666,283,371</b>	<b>\$ 908,262,947</b>	<b>\$ 1,178,085,074</b>	<b>\$ 1,456,702,490</b>

	Fiscal Year				
	2019	2020	2021	2022	2023
<b>Functions/Programs</b>					
Transit capital funding - construction-in-progress (CIP)					
Major improvements - bus	\$ 7,250,021	\$ 7,351,979	\$ 8,044,244	\$ 8,610,186	\$ 8,965,350
Operations capital - light rail transit	809,811	953,907	1,537,226	2,008,334	4,194,119
Major corridor projects	1,694,333,308	1,942,710,104	2,081,601,311	401,374,043	281,201,256
Operations capital - SANDAG	3,089,932	381,542	363,112	443,265	855,601
Major improvements - SANDAG	81,831,954	113,397,348	120,532,415	90,587,394	81,065,340
Goods movement projects	7,504,196	7,504,587	10,407,327	5,366,625	-
Transportation Network Editing Database (TNED)	-	-	-	-	286,680
<b>Total transit capital funding - CIP</b>	<b>1,794,819,221</b>	<b>2,072,299,465</b>	<b>2,222,485,634</b>	<b>508,389,846</b>	<b>376,568,346</b>
<b>Capital assets</b>					
Transit capital contributions - land	19,609,643	19,609,643	21,796,043	36,263,569	51,898,234
Transit capital contributions - easements	15,950,412	17,004,331	17,509,421	57,149,163	58,356,511
General government	3,235,567	3,802,166	3,996,383	8,918,339	6,145,345
Modeling and research	-	-	-	-	20,547
Smart mobility programs and services activities	2,038,480	970,597	2,408,245	1,155,867	-
Major Corridor Capital Projects	4,858,672	4,725,635	4,579,472	4,715,492	5,526,081
Transit System Improvements	40,066	-	-	-	-
<b>Total capital assets</b>	<b>\$ 1,840,552,061</b>	<b>\$ 2,118,411,838</b>	<b>\$ 2,272,775,198</b>	<b>\$ 611,529,425</b>	<b>\$ 498,515,063</b>

Source: Finance Department



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