

ANNUAL PROGRAM COMPLIANCE REPORT

In Fiscal Year 2018/19, the City of Marina conducted two Pavement Maintenance Construction Projects along with finalizing design for a third Maintenance project. The construction project addresses residential streets and cul-de-sacs with very little historical maintenance. The following is a summary of those project activities:

2018 Citywide Street Resurfacing Project

The scope of the work for this project was a two-phased approach. The first Phase included full width crack sealing, chip sealing and associated roadway repair work including spot repairs of failed areas within the existing pavement section, the removal and reinstallation of striping and pavement markings. This phase of the work was awarded on August 7, 2019 to Granite Construction and completed on December 19, 2018. The following streets were associated with this work:



Street name	From	To
Alexis Ct	Reindollar Ave	End
Begonia Cir	Michael Dr	End
Bennett Ct	Zanetta Dr	End
Cypress Ave	Del Monte Blvd	Sunset Ave
Fredrick Cir	Hillcrest Ave	End
Harben Cir	Michael Dr	End
Mildred Ct	Reindollar Ave	End
Ninole Dr	South End	Hilo Ave North
Sells Ct	Michael Dr	End
Shuler Cir	Crescent Ave	End
Steven Ct	Belle Dr	End
Villa Cir	Beach Rd	End



Villa Cir (Before)



Villa Cir (After)

The second phase of the Project included full width slurry sealing, adjusting utility manholes and boxes to grade, the removal and reinstallation of stripping and pavement markings and traffic markers. This phase was awarded on September 5, 2018 to Pavement Coatings Company and completed on June 15, 2019. The following streets were associated with this work:

Street name	From	To
Alexis Ct	Reindollar Ave	End
Begonia Cir	Michael Dr	End
Bennett Ct	Zanetta Dr	End
Bostick Ave	Larson Ct	Carmel Ave
Brookside Pl	Cardoza Ave	End
Carmel Ave	Vaughn Ave	California Ave
Coral Way	Dolphin Cir	End
Cypress Ave	Del Monte Blvd	Sunset Ave
Dolphin Cir	Cardoza Ave	Loop End
Fredrick Cir	Hillcrest Ave	End
Harben Cir	Michael Dr	End
Hillcrest Ave	Zanetta Dr	Vaughan Ave
King Cir	Reindollar Ave	South End
Mildred Ct	Reindollar Ave	End
Ninole Dr	South End	Hilo Ave North
Pacific Ct	Abdy Way	End
Seal Ct	Cove Way	End
Sells Ct	Michael Dr	End
Shuler Cir	Crescent Ave	End
Steven Ct	Belle Dr	End
Tracy Ct	Aaron Way	End
Vera Ln	Reindollar Ave	End
Villa Cir	Beach Rd	End



Ninole Dr. (Before)



Ninole Dr. 2018 (Chip Seal)



Ninole Dr. (After)

The project's application of rubberized chip seal provided a cost savings in reducing the amount of the pre-application of crack sealing prior to the chip seal. The benefits of chip sealing on these residential roads and cul-de-sacs can be clearly seen in the sample pictures above as a cost-effective application of pavement maintenance along with green technology to prolong the life of the City's large residential network.

CITY OF MARINA – MEASURE X FUNDING BALANCE SUMMARY

YEAR 2019 BALANCE SHEET

REVENUES	
Carryover from Previous Year	\$579,630
Adjustment for funds deposited in CIP Project Fund	(\$461,370)
Carryover, Restated	\$118,260
Measure X Revenues	\$886,241
Earning on Interest	\$46,393
TOTAL REVENUES:	\$1,050,894
EXPENDITURES	
CIP Expenditures	3,500
Transfers Out	500,000
TOTAL EXPENDITURES:	\$503,500
FUND BALANCE, END OF PERIOD:	\$547,394

CITY OF MARINA – MEASURE X FUNDING BALANCE SUMMARY

Measure X
 Revenues, Expenditures and Change in Fund Balance
 Fiscal Year Ending June 30, 2019

	Measure X	XCIP			Total
		Measure X	Other Funds	Total	
Beginning Balance - 6/30/18	118,260	461,370	600,000 a	1,061,370	1,179,630
Measure X Revenues	537,507			-	537,507
AJE to be accrued	348,734			-	348,734
Interest	46,393			-	46,393
Transfers In - Measure X		500,000		500,000	500,000
Other Funds			660,000 b	660,000	660,000
Total Resources	<u>1,050,894</u>	<u>961,370</u>	<u>1,260,000</u>	<u>2,221,370</u>	<u>3,272,264</u>
Expenditures	3,500	947,144		947,144	950,644
Transfers Out	500,000			-	500,000
Total Uses	<u>503,500</u>	<u>947,144</u>	<u>-</u>	<u>947,144</u>	<u>1,450,644</u>
Ending Balance	547,394	14,226	1,260,000	1,274,226	1,821,620

a Transfer all from GF

b \$60k SB1 and \$600k GF

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT
PLAN ACCOUNT FUNDS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2019

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
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**CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT
PLAN ACCOUNT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Marina
Marina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Safety and Investment Plan Account Funds of the City of Marina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Safety and Investment Plan Account Funds of the City of Marina, as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Safety and Investment Plan Account Funds and do not purport to, and do not present fairly the financial position of the City of Marina, as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the Transportation Safety and Investment Plan Account Funds of the City of Marina'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 the Transportation Safety and Investment Plan Account Funds of the City of Marina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Safety and Investment Plan Account Funds of the City of Marina's internal control over financial reporting and compliance.

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 18, 2019

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
BALANCE SHEET
JUNE 30, 2019

	<u>Transportation Safety and Investment Fund</u>	<u>Measure X - Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 201,839	\$ 1,274,226	\$ 1,476,065
Accounts receivable	<u>349,055</u>	<u>-</u>	<u>349,055</u>
Total Assets	<u>\$ 550,894</u>	<u>\$ 1,274,226</u>	<u>\$ 1,825,120</u>
<u>LIABILITIES</u>			
Accounts payable	\$ <u>3,500</u>	\$ <u>-</u>	\$ <u>3,500</u>
Total Liabilities	<u>3,500</u>	<u>-</u>	<u>3,500</u>
<u>FUND BALANCE</u>			
Restricted	<u>547,394</u>	<u>1,274,226</u>	<u>1,821,620</u>
Total Fund Balance	<u>547,394</u>	<u>1,274,226</u>	<u>1,821,620</u>
Total Liabilities and Fund Balance	<u>\$ 550,894</u>	<u>\$ 1,274,226</u>	<u>\$ 1,825,120</u>

See accompanying notes to the basic financial statements.

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Transportation Safety and Investment Fund	Measure X - Capital Projects Fund	Total
<u>REVENUES</u>			
Transportation Safety and Investment Account revenue	\$ 886,241	\$ -	\$ 886,241
Use of money and property	46,393	-	46,393
Total Revenues	932,634	-	932,634
<u>EXPENDITURES</u>			
Professional services	3,500	-	3,500
Transportation	-	947,145	947,145
Total Expenditures	3,500	947,145	950,645
Excess (deficiency) of revenues over expenditures	929,134	(947,145)	(18,011)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	1,760,001	1,760,001
Transfers out	(500,000)	-	(500,000)
Total Other Financing Sources (Uses)	(500,000)	1,760,001	1,260,001
Net Change in Fund Balance	429,134	812,856	1,241,990
Fund Balance - Beginning	118,260	461,370	579,630
Fund Balance - Ending	\$ 547,394	\$ 1,274,226	\$ 1,821,620

See accompanying notes to the basic financial statements.

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All transactions of the Transportation Safety and Investment Plan Account Funds of the City of Marina are included as a separate special revenue fund and part of the capital projects fund in the City of Marina basic financial statements.

The financial statements present only the Transportation Safety and Investment Plan Account Funds of the City of Marina and do not purport to, and do not present, the City of Marina's financial position and changes in financial position. The City's basic financial statements are available from the Finance Department.

Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The funds of the financial reporting entity are described below:

Transportation Safety and Investment Fund - This fund accounts for Measure X sales tax revenues and expenditures for investments in roads throughout Monterey County .

Measure X - Capital Projects Fund - This fund is used to account for major capital projects related to transportation and safety.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

The Transportation Safety and Investment Plan Account Funds of the City of Marina are governmental funds. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets, deferred outflows of resources, and current liabilities and deferred inflows of resources are presented on the balance sheet. Operating statements of these funds present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The Transportation Safety and Investment Plan Account Funds of the City of Marina are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Transportation Safety and Investment Plan Account Funds of the City of Marina consider revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Cash and Cash Investments

The City of Marina pools cash and investments for all funds (including the Transportation Safety and Investment Plan Account Funds), except for funds held by fiscal agents. The cash and investments balance in each fund represents that fund's equity share of the City of Marina's cash and investment pool. As the City of Marina places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest earned on pooled cash and investments is allocated quarterly to the various funds based on quarter-end balances and is adjusted at fiscal year-end.

The City of Marina's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked questions from SEC-registered securities exchanges or NASDAQ dealers. Local Agency Investment Fund (LAIF) determines the fair value of their portfolio quarterly and reports a factor to the City of Marina; the City of Marina applies that factor to convert its share of LAIF from amortized cost to fair value. This amount is included in cash and investments in the balance sheet. Changes in fair value are allocated to each participating fund.

Accounts Receivable

Material receivables in the Transportation Safety and Investment Plan Account Funds of the City of Marina include revenue accruals for Measure X funds due from the Transportation Agency of Monterey County. Nonexchange transactions collectible, but not available, are recorded as deferred inflows of resources in the financial statements in accordance with the modified accrual basis of accounting.

Equity Classification

The financial statements present fund balances based on classifications that create a hierarchy that is based primarily on the extent to which the Transportation Safety and Investment Plan Account Funds of the City of Marina are bound to honor constraints on the specific purposes for which amounts in the respective funds can be spent. The classifications used in the financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
- e. Unassigned - Amounts representing the residual classification for the general fund and residual negative fund balance of special revenue and capital project funds.

The fund balance of \$1,821,620 at June 30, 2019 was restricted for road projects under Measure X.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS

The Transportation Safety and Investment Plan Account Funds of the City of Marina cash and investment balance of \$1,476,065 at June 30, 2019 is held in the City of Marina investment pool. The City of Marina investment pool is not rated and is not registered with the Securities and Exchange Commission. The Transportation Safety and Investment Plan Account Funds of the City of Marina's position in the City of Marina's investment pool is stated at fair value. For detailed disclosures regarding the City of Marina's cash and investments, please refer to the City of Marina's financial statements.

NOTE 3: TRANSFERS TO/FROM OTHER FUNDS AND THE CITY

Transfers into the Measure X Capital Projects Fund during the fiscal year ended June 30, 2019 were as follows:

<u>Transfer from</u>	<u>Description of Transfer</u>	<u>Amount</u>
Transportation Safety and Investment Fund	Pavement repairs	\$ 500,000
From the City:		
General fund	Pavement Resurfacing	600,000
Road Maintenance and Rehab Fund	Pavement maintenance	60,000
Capital Projects Fund	Pavement maintenance	<u>600,001</u>
	Total Transfers	\$ <u>1,760,001</u>

NOTE 4: MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City of Marina and the Transportation Agency for Monterey County require that the City of Marina must expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the fiscal year 2010, 2011, and 2012 but not less than the amount expended in the fiscal year 2017, as reported to the Controller pursuant to Streets and Highways Code Section 2151 ("Maintenance of Effort"). For purposes of this calculation, the baseline amount will be indexed annual to the Engineering News Record (ENR) construction index.

Exemptions from this calculation include one-time capital expenses, and expiration of any voter-approved fund sources that were used for local transportation purposes. Revenues from a fee imposed or contribution first received by a local jurisdiction on or after January 1, 2016, which are used on or after July 1, 2016, by that local jurisdiction for maintenance or improvement purposes on its streets and highways shall be considered as general fund expenditures for the purposes of compliance with the provisions of this Section in the fiscal year in which such expenditures are made. The amount spent in the fiscal year 2017 of \$434,257 adjusted for the ENR index is \$457,181 and serves as the indexed baseline of the calculation. Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2019, was \$1,478,208.



**INDEPENDENT AUDITOR'S COMPLIANCE REPORT WITH TAMC ORDINANCE NO. 2016-01
TRANSPORTATION SAFETY AND INVESTMENT PLAN**

To the City Council
City of Marina
Marina, California

We have audited the financial statements of the Transportation Safety and Investment Plan Account Funds of the City of Marina's compliance with the types of compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement between TAMC and the City of Marina applicable for the fiscal year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and the terms and conditions of its contracts, and grants applicable to the Transportation Safety and Investment Plan Account Funds of the City of Marina.

Auditor's Responsibility

Our responsibility is to express an opinion on the Transportation Safety and Investment Plan Account Funds of the City of Marina's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City of Marina. The Measure X Master Programs Funding Agreement requires that the independent auditor shall perform at least the following tasks: (1) determine whether the recipient expended all Measure X funds received in compliance with Measure X, the Measure X Investment Plan, and the Policies & Project Descriptions, as they may be adopted or amended by TAMC from time to time, and the Agreement, (2) determine whether the Measure X revenues received and expended were accounted for and tracked in its own separate budget and fund titled "Transportation Safety & Investment Plan Account" and were not commingled with any other funds and that the accounting system provides adequate internal controls and audit trails to facilitate an annual compliance audit for each fund type and the respective usage and application of said funds, and (3) determine whether the City met the Maintenance of Effort requirements imposed by Measure X and State law. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the Transportation Safety and Investment Plan Account Funds of the City of Marina occurred. An audit includes examining, on a test basis, evidence about the Transportation Safety and Investment Plan Account Funds of the City of Marina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Transportation Safety and Investment Plan Account Funds of the City of Marina's compliance.

Opinion on Compliance with TAMC Ordinance No. 2016-01

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the City's Transportation Safety and Investment Plan Account Fund Described in the TAMC and the City for the fiscal year ended June 30, 2019.

This report is intended solely for the information and use of City Council, management of the Transportation Agency of Monterey County and for filing with the appropriate regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 18, 2019



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council of
the City of Marina
Marina, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Safety and Investment Plan Account Funds of the City of Marina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the financial statements and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Transportation Safety and Investment Plan Account Funds of the City of Marina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transportation Safety and Investment Plan Account Funds of the City of Marina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transportation Safety and Investment Plan Account Funds of the City of Marina's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transportation Safety and Investment Plan Account Funds of the City of Marina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 18, 2019

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

None reported for the year ended June 30, 2019.

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

Finding 2018-001 : Improper Fund Segregation (Compliance Finding)

Criteria

Measure X revenues received and expended should be accounted for and tracked in its own fund titled "Transportation Safety and Investment Plan Account" (Measure X Fund) and should not be commingled with any other funds.

Condition

During compliance testing, we noted that the Measure X revenues received were recorded in the Measure X Fund and then transferred into the Capital Projects Fund and expended on a project related to Measure X.

Cause

The City did not record Measure X project expenditures in the Transportation Safety and Investment Plan Account fund.

Status

The City set up a capital projects fund strictly for projects related to improving transportation and safety to avoid commingling funds and proper allocation of investment earnings. The corrective action plan has been implemented..

Finding 2018-002 : Annual Program Compliance Report (Compliance Finding)

Criteria

The City is required to submit to TAMC by December 31 each year Annual Program Compliance Reports, covering the prior fiscal year, regarding programs and projects on which Measure X funds were expended.

Condition

During compliance testing, we noted the City submitted the Annual Program Compliance Reports to TAMC on January 14, 2019.

Cause

The City did not submit the Annual Program Compliance Reports by the due date of December 31.

Status

Implemented. The City submitted the Annual Program Compliance Reports by the due date of December 31, 2019.

**CITY OF MARINA
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2019 – 2024**

FY 19/20

Project	Description & Phase	Total Cost	Measure X	PCI
APR1801	Annual Street Resurfacing	2,600,000	600,000	67
Totals:		2,600,000	600,000	

FY 20/21

Project	Description & Phase	Total Cost	Measure X	PCI
APR1801	Annual Street Resurfacing	3,600,000	600,000	67
Totals:		3,600,000	600,000	

FY 21/22

Project	Description & Phase	Total Cost	Measure X	PCI
APR1801	Annual Street Resurfacing	6,900,000	5,900,000	68
Totals:		6,900,000	5,900,000	

FY 22/23

Project	Description & Phase	Total Cost	Measure X	PCI
APR1801	Annual Street Resurfacing	2,200,000	600,000	67
Totals:		2,200,000	600,000	

FY 23/24

Project	Description & Phase	Total Cost	Measure X	PCI
APR1801	Annual Street Resurfacing	2,200,000	600,000	67
Totals:		2,200,000	600,000	67

Date: December 13, 2019

To: Todd Muck
Deputy Executive Director
Transportation Agency for Monterey County
55-B Plaza Circle
Salinas, CA 93901

Re: Pavement Management Program Annual Report Letter

The City of Marina confirms that it has a Pavement Management Program that conforms to the criteria established by the Transportation Agency for Monterey County and included in the Measure X Agreement with the Local Agency. An approved Pavement Management Program must be in place to be eligible for Measure X funds.

The Pavement Management Program utilizes a software system developed by:

x Metropolitan Transportation Commission StreetSaver, Version 9

The system was updated by NCE and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction:

Centerline miles: 75.28
Total lane miles (or equivalent units): 149.75
The last update of the inventory was completed on: 8/16/18

- Average Pavement Condition Index (PCI) 62
- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

Street Name	PCI
Alexis Ct	68
Begonia Cir	68
Bennett Ct	62
Bostick Ave	61
Cypress Ave	69
Fredrick Cir	74
Mildred Ct	66
Ninole Dr	75
Sells Ct	78
Shuler Cir	65
Steven Ct	68

Street Name	PCI
Villa Cir	65
Brookside Pl	67
Coral Way	69
Dolphin Cir	92
Hillcrest Ave	94
King Cir	92
Pacific Ct	91
Seal Ct	71
Tracy Ct	70
Vera Ln	69
Carmel Ave	92

- Amount spent to rehabilitate or replace deficient sections for the current year: \$950,644

You may contact me with any questions regarding the City's Pavement Management Program at (831) 884-1212.

Sincerely,




Brian McMinn, Public Works Director/City Engineer

The definition of "Maintenance of Effort Report" shall be replaced in its entirety with the following:

Maintenance of Effort Report: A report to be adopted by a jurisdiction, no later than December 31 of each year the Measure X tax is in effect, verifying that Measure X funds received by the reporting jurisdiction have been used to augment, and not supplant, local resources spent in the fiscal year, as described in Article IV Section A.6. The amount of local resources spent for the fiscal year is calculated as the annual average of its expenditures from its general fund during the 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151. This baseline amount will be indexed annually to the Engineering News Record construction index."

General Fund Maintenance of Effort Calculation for Measure X				
FY 18/19				
General Fund Expenditures Reported by SCO -18/19				1,478,208
Greater of FYs 9/10, 10/11, 11/12 Average or FY 2016/17 Expenditures				434,257
Adjusted by the ENR Index				(457,181)
Amount in Excess/(Short) of General Fund MOE				1,021,027
Engineering New Record Index				
			GF Expenditures	
			2009/10,	
			2010/11,	
			2011/12	GF Expenditures
			Average	2017
			243,064	434,257
	Index	Change		
ENR Index June				
	2012	9291		
	2013	9542	0.027015391	249,630
	2014	9800	0.027038357	256,380
	2015	10039	0.024387755	262,633
	2016	10337	0.029684231	270,429
	2017	10703	0.035406791	280,004
	2018	11069	0.03419602	289,579
	2019	11268	0.017978137	294,785
				449,107
				457,181

I, the undersigned, certify that the above information is true and correct to the best of my knowledge.


 Brian McMinn, Public Works Director