

City of Marina
Annual Measure X Program Compliance Report

The Annual Program Compliance Report describes the efforts of the local jurisdiction to comply with the policies of Measure X over the reporting period. The report includes a narrative of how the jurisdiction spent Measure X funds on local projects including project titles, brief descriptions, discussion of project benefits; and before and after pictures. A Change in Fund Balance statement is included with the report detailing the receipt and expenditure of Measure X funds, as shown below.

City of Marina 2017/18 Fiscal Year Change in Fund Balance Statement

Revenues

Carryover from Previous year	\$ -
Measure X Revenues	<u>\$ 618,260.10</u>
Total Revenues	<u>\$ 618,260.10</u>

Expenditures

Annual Street Resurfacing Project	<u>\$ (38,629.67)</u>
Total Expenditures	<u>\$ (38,629.67)</u>

<i>Ending Fund Balance</i>	<u>\$ 579,630.43</u>
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ATTACHMENT 1: Independent Audit of Financial Statements for Measure X Funds, Prior Fiscal Year

ATTACHMENT 2: Five-Year Capital Improvement Program

ATTACHMENT 3: Pavement Management Program Report

ATTACHMENT 4: Maintenance of Effort Report

Attachment 1

City of Marina
Financial Statements with Independent Auditor's Report
For Fiscal Year Ending 6/30/2018

The following is a link to the City's annual audit report. The Measure X or Transportation Safety and Investment Fund is found on pages 69 and 72. Measure X expenditures are also found as part of the City's Capital Project Fund, page 12 and 15. Because the Capital Projects Fund contains all the capital projects of the City, the specific Measure X project is shown as a separate display in this report.

Web Link to City's Audited Financial Report:

<http://www.cityofmarina.org/DocumentCenter/View/9913/Marina-2018-annual-report---Final>

City of Marina
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
BALANCE SHEET
JUNE 30, 2018

	Transportation Safety and Investment Fund	Capital Projects
ASSETS		
Cash and investments	\$ 118,260	461,370
Accounts receivable	153,566	-
Interest receivable		
	<hr/>	<hr/>
Total assets	<u>271,826</u>	<u>461,370</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	-	-
Accrued payroll and benefits	-	-
Due to TAMC	-	-
Due to other funds	-	-
	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:		
Unavailable Revenues - Receivable	153,566	-
	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>153,566</u>	<u>-</u>
Fund Balance:		
Restricted	118,260	461,370
	<hr/>	<hr/>
Total Fund Balance	<u>118,260</u>	<u>461,370</u>
Total Liabilities and Fund Balance	<u>\$ 271,826</u>	<u>461,370</u>

The notes to basic financial statements are an integral part of this statement.

City of Marina
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2018

	Transportation Safety and Investment Fund	Capital Projects
REVENUES		
Transportation Safety and Investment Plan Account revenue	\$ 618,260	-
Use of money and property	<u> </u>	<u> </u>
Total revenues	<u>618,260</u>	<u>-</u>
EXPENDITURES		
Streets and roads maintenance	-	-
Transportation	-	-
Capital outlay	<u>-</u>	<u>38,630</u>
Total Expenditures	<u>-</u>	<u>38,630</u>
Excess (deficiency) of revenues over expenditures	<u>618,260</u>	<u>(38,630)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	500,000
Transfers out	<u>(500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>500,000</u>
Net change in fund balance	118,260	461,370
Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 118,260</u>	<u>461,370</u>

The notes to basic financial statements are an integral part of this statement.

City of Marina**TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JUNE 30, 2018**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Transportation Safety and Investment Plan Account revenue	\$ 500,000	\$ 618,260	\$ 118,260
Use of money and property		-	-
Total revenues	<u>500,000</u>	<u>618,260</u>	<u>118,260</u>
EXPENDITURES			
Streets and roads maintenance		-	-
Transportation		-	-
Capital outlay		-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>500,000</u>	<u>618,260</u>	<u>118,260</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		-	-
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	-	118,260	118,260
Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ 118,260</u>	<u>\$ 118,260</u>

City of Marina

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND - Capital Projects

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

JUNE 30, 2018

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Transportation Safety and Investment Plan Account revenue	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Streets and roads maintenance	-	-	-
Transportation	-	-	-
Capital outlay	<u>500,000</u>	<u>38,630</u>	<u>461,370</u>
Total Expenditures	<u>500,000</u>	<u>38,630</u>	<u>461,370</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>(38,630)</u>	<u>461,370</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	500,000	500,000	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	-	461,370	461,370
Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ 461,370</u>	<u>\$ 461,370</u>

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT
PLAN ACCOUNT FUNDS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2018

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CA 95833

**CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT
PLAN ACCOUNT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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, 2018, 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.

Opinion

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, 2018, 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, 2018, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the financial statements. Such 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. 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 financial statements, and other knowledge we obtained during our audit of the 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.

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 May 13, 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.

Manant Nul CPAs

Sacramento, California
May 13, 2019

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
BALANCE SHEET
JUNE 30, 2018

	<u>Transportation Safety and Investment Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 118,260	\$ 461,370	\$ 579,630
Accounts receivable	<u>153,566</u>	<u>-</u>	<u>153,566</u>
Total Assets	<u>\$ 271,826</u>	<u>\$ 461,370</u>	<u>\$ 733,196</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenues	\$ <u>153,566</u>	\$ <u>-</u>	\$ <u>-</u>
Total Deferred Inflows of Resources	<u>153,566</u>	<u>-</u>	<u>153,566</u>
<u>FUND BALANCE</u>			
Restricted	<u>118,260</u>	<u>461,370</u>	<u>579,630</u>
Total Fund Balance	<u>118,260</u>	<u>461,370</u>	<u>579,630</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 271,826</u>	<u>\$ 461,370</u>	<u>\$ 733,196</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, 2018

	<u>Transportation Safety and Investment Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>REVENUES</u>			
Transportation Safety and Investment Account revenue	\$ 618,260	\$ -	\$ 618,260
Total Revenues	<u>618,260</u>	<u>-</u>	<u>618,260</u>
<u>EXPENDITURES</u>			
Transportation	<u>-</u>	<u>38,630</u>	<u>38,630</u>
Total Expenditures	<u>-</u>	<u>38,630</u>	<u>38,630</u>
Excess (deficiency) of revenues over expenditures	<u>618,260</u>	<u>(38,630)</u>	<u>579,630</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	500,000	500,000
Transfers out	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balance	118,260	461,370	579,630
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 118,260</u>	<u>\$ 461,370</u>	<u>\$ 579,630</u>

See accompanying notes to the basic financial statements.

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 .

Capital Projects Fund - This fund is used to account for major capital projects.

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
FOR THE YEAR ENDED JUNE 30, 2018

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.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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 \$579,630 at June 30, 2018 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
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2: CASH AND INVESTMENTS

The Transportation Safety and Investment Plan Account Funds of the City of Marina cash and investment balance of \$579,630 at June 30, 2018 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: INTERFUND TRANSFERS TO/FROM OTHER FUNDS

Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Description of Transfer</u>	<u>Amount</u>
Transportation Safety and Investment Fund	Capital Projects Fund	Pavement repairs	\$ <u>500,000</u>
		Total Interfund Transfers	\$ <u>500,000</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 preceding three fiscal years, as reported to the Controller pursuant to Streets and Highways Code Section 2151 ("Maintenance of Effort"). For purposes of this calculation, an average of the prior three years spent for local transportation purposes will be used. Exemptions from this calculation include one-time capital expenses, and expiration of any voter-approved fund sources that were used for local transportation purposes. In the case of expired voter-approved fund sources, the three-year average baseline would be recalculated in the next annual verification period without said expired fund sources. 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 following eligible expenditures were made:

For the fiscal year ended June 30, 2015:	\$531,903
For the fiscal year ended June 30, 2016:	\$135,070
For the fiscal year ended June 30, 2017:	\$434,257
 The average of the above expenditures:	 \$367,077

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2018, was \$633,942, of which \$600,000 was a transfer from the general fund to the capital projects fund approved as part of the annual budget.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
TRANSPORTATION SAFETY AND INVESTMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
Transportation Safety and Investment Account revenue	\$ 500,000	\$ 618,260	\$ 118,260
Total Revenues	500,000	618,260	118,260
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(500,000)	(500,000)	-
Total other financing sources	(500,000)	(500,000)	-
Net Change in Fund Balance	-	118,260	118,260
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ 118,260	\$ 118,260

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
<u>EXPENDITURES</u>			
Capital outlay	\$ 500,000	\$ 38,630	\$ 461,370
Total Expenditures	500,000	38,630	461,370
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	500,000	500,000	-
Total other financing sources	500,000	500,000	-
Net Change in Fund Balance	-	461,370	461,370
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ 461,370	\$ 461,370



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

**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, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, 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.

Basis for Qualified Opinion on Compliance with TAMC Ordinance No. 2016-01

Management has not accounted for and tracked Measure X revenues received and expended in its own separate budget and fund and has not met the Maintenance of Effort requirements imposed by Measure X and State law.

Qualified Opinion on Compliance with TAMC Ordinance No. 2016-01

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on Compliance with TAMC Ordinance No. 2016-01" paragraph, the funds allocated to and received by the Transportation Safety and Investment Plan Account Funds of the City of Marina, complied, in all material respects, with the compliance requirements referred to above that are applicable 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 between TAMC and the City of Marina for the fiscal year ended June 30, 2018.

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.



Sacramento, California
May 13, 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, 2018, and the related notes to the financial statements, which collectively comprise the financial statements and have issued our report thereon dated May 13, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2018-001 through 2018-002.

Transportation Safety and Investment Plan Account Funds of the City of Marina's Response to Findings

Transportation Safety and Investment Plan Account Funds of the City of Marina's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. Transportation Safety and Investment Plan Account Funds of the City of Marina's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Sacramento, California
May 13, 2019

CITY OF MARINA
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUNDS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

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.

Recommendation

We recommend the City record the Measure X related project expenditures in the Measure X Fund in order to track revenues received and expended in one fund.

Views of Responsible Officials

The City will work with their auditors to provide an acceptable segregation of funds to avoid the commingling question by either having street capital projects in the Measure X fund or creating a Capital Projects Fund unique to street projects.

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.

Recommendation

We recommend that the City complete and submit the Annual Program Compliance Reports to TAMC by December 31 of each year.

Views of Responsible Officials

The City recognizes it failed to timely report on Measure X funds and has taken steps to clarify reporting requirements. The City will comply with the reporting requirements in the future.

**CITY OF MARINA
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2018-2023**

YEAR 1

Project	Description & Phase	Total Cost	Measure X	PCI
Annual Street Resurfacing	Resurfacing of streets selected by the Pavement Management Program	1,160,000	500,000	66
Totals:		1,160,000	500,000	

YEAR 2

Project	Description & Phase	Total Cost	Measure X	PCI
Annual Street Resurfacing	Resurfacing of streets selected by the Pavement Management Program	1,400,000	500,000	65
Totals:		1,400,000	500,000	

YEAR 3

Project	Description & Phase	Total Cost	Measure X	PCI
Annual Street Resurfacing	Resurfacing of streets selected by the Pavement Management Program	1,400,000	500,000	64
Totals:		1,400,000	500,000	

YEAR 4

Project	Description & Phase	Total Cost	Measure X	PCI
Annual Street Resurfacing	Resurfacing of streets selected by the Pavement Management Program	1,400,000	500,000	63
Totals:		1,400,000	500,000	

YEAR 5

Project	Description & Phase	Total Cost	Measure X	PCI
Annual Street Resurfacing	Resurfacing of streets selected by the Pavement Management Program	1,400,000	500,000	62
Totals:		1,400,000	500,000	



Date: January 11, 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 the software system StreetSaver Online (latest version) developed by the Metropolitan Transportation Commission.

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

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

Centerline miles:	78.3
Total lane miles (or equivalent units):	156.6
The last update of the inventory was completed on:	4/19/2013
- Pavement Condition Index (PCI) 62
- 2.75 miles designed for maintenance in reporting fiscal year with construction commencing FY 18/19.
- Fiscal year costs for design of annual roadway maintenance project were \$38,629.67.

Should you have any questions regarding the annual report, you may contact me at (831) 884-1212.

Sincerely,

Brian McMinn, P.E., P.L.S.
Public Works Director

**CITY OF MARINA
THREE-YEAR MAINTENANCE OF EFFORT REPORT
FOR FISCAL YEARS 15/16, 16/17 AND 17/18**

Year 1

Fund Source	Amount	Year
General Fund	\$0.00	
Total Expended on Transportation	\$0.00	2015/16

Year 2

Fund Source	Amount	Year
General Fund	\$0.00	
Total Expended on Transportation	\$0.00	2016/17

Year 3

Fund Source	Amount	Year
General Fund	\$0.00	
Total Expended on Transportation	\$0.00	2017/18

Three-Year Average of Transportation Expenditures:**\$0.00**

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



Brian McMinn, Public Works Director/City Engineer