



City of Pacific Grove
Request for Proposals for Auditing Services

Response to questions submitted regarding the RFP for Auditing Services:

1. Is there anything specific you are looking for in the successor auditors?

Answer: A knowledgeable firm that can assist with any unique technical questions, attention to deadlines, experience in working with Cities, good communication skills, and retention of assigned key audit staff.

2. How many staff did the audit team consist of for both interim and year-end, and how many weeks did the auditor spend in the field?

Answer: Approximately three audit staff were assigned to the audit. The audit firm was on-site or dedicated to the City for one week during the interim audit, and one week during fieldwork.

3. How many hours did the prior auditors spend on the interim audit and the year-end audit?

Answer: The City had a not to exceed contract based on the different audit functions. The city did not receive billings on an hourly basis. The time spent for the interim audit and fieldwork are provided in Question 2.

4. What were the prior year's total audit fees, and can you provide the breakdown by components?

Answer: A copy of the last proposal is attached for reference.

5. Are there any significant changes in operations expected for FY 2022-23?

Answer: There are no significant changes in operations for Fiscal Year 2022-23

6. Will there be any significant events in FY 2022-23?

Answer: There were no significant events in Fiscal Year 2022-23.

7. Have there been any changes in your accounting system since last year or any planned changes in the future?

Answer: An upgrade to the software is anticipated in the current or next fiscal year, however, it is primarily appearance-related. There are no plans to change the accounting structure, with the exception of adding any potential new funds, as required.

8. What ERP system does the City use?

Answer: eFinancePLUS 5.0 (Central Square)

9. Were there any new bond issues in the current year or any planned bond issuances in the coming years?

Answer: There are no new or planned bond issues.

10. How many audit-adjusting journal entries did you have in the prior fiscal year?

Answer: This City did not have any audit-adjust entries in the prior fiscal year.

11. Is there any litigation not included in the 2022 Financial Statements?

Answer: There are no major litigations that are excluded from the financial statements. There are only minor liability claims that are handled by our third-party administrator and subject to the City's self-insured retention limits.

12. Did the City have any layoffs, retirements, or replacements of key employees in the finance department?

Answer: The City's Accountant retired in December. The City is currently looking for a replacement Accountant and receiving some temporary staffing assistance, as well as assistance from a retired annuitant.

The City Administrative Services Department Finance Division is staffed with seven positions, who also have oversight responsibility for the risk management and Cemetery functions. The Cemetery is staffed with an additional support staff member who is responsible for daily operations. The Cemetery support staff position is not included in that count.

Key positions that have been filled with individuals who have been with the City greater than four years include the Administrative Services Director, Finance and Risk Manager (recently promoted from an Analyst position, with oversight of payroll, A/P, receipting), two Analysts who assist with the closing and budget process, as well as other functions; and a Senior Accounting Assistant who has performed the payroll, accounts payable, and receipting functions. For position vacancies, please see Question 13.

13. Do you currently have vacant or frozen positions within finance?

Answer: The City currently has a vacant Accountant position open, as well as a Accounting Assistant/Senior Accounting Assistant (alternatively staffed position). The Accounting Assistant/Senior Accountant vacancy is in response to a promotion that was made within the department.

14. Was the FY 2022 audit performed remotely? If so, is the City open to continuing remote audits in the future?

Answer: The Fiscal Year 2022 audit was performed onsite, with audits through COVID-19 conducted remotely. The City would like for the first year audit to be on-site; however we would be open to remote audits for future engagements.

15. What is the reason that you are considering changing the auditor?

Answer: The City has had the same audit firm since Fiscal Year 15/16. In 2022, the firm assigned an alternate audit partner to assist with rotation mandates. Council has provided staff with direction to initiate an RFP to evaluate the market and consider alternate firms.

16. Will your prior auditors be invited to bid?

Answer: Yes

17. How many staff did the audit team consist of in the past and when did the auditors come on site?

Answer: Three staff were typically on-site. The auditors were on-site for the interim audit the week of June 20; and fieldwork the week of October 17.

18. Is the scope of the services requested the same as last year?

Answer: Yes.

19. Have there been any changes in your accounting system or software since last year?

Answer: No

20. Do you expect to have any retirement or replacement of key employees?

Answer: At this time, none of the staff have announced their retirement. The position vacancies are listed in Question 13.

21. How many weeks did your prior auditors require for your last audit?

Answer: Our auditors were on-site for a total of two weeks; however our contract was based on tasks and a not to exceed amount.

22. What is the current year budget for auditing services?

Answer: The current year budget for audit services is \$47,000. The City is in the process of preparing the budget for Fiscal Year 23/24. The amount is anticipated to be adjusted based on the selection of an audit firm.

23. What are the things you liked and did not like about your current auditors?

Answer: Our auditors were very accessible and responsive to any technical questions. They also communicated with staff very well. They worked with the City to develop an audit schedule.

24. What are the things you liked and did not like in the audit process followed by your current auditors?

Answer: The City was satisfied with the current audit process. The City enjoyed the ability to receive the PBC in advance of the audit and upload requested documents to the their cloud-based system, listing of outstanding requested items at the conclusion of the audit, and working with staff in advance to provide an audit schedule.

25. Do you expect to have a single audit this year?

Answer: Yes. The City received American Rescue Plan Acts that triggered the Single Audit. The City has a new CDBG pass-through grant; however it is questionable as to whether any funds will be expended. The City is required to spend the amounts that are in the program income fund from revolving grants prior tousing the new CDBG funds.

26. Could you please share the most recently available report for:

a. Measure X Compliant Report

Answer: A copy of the Measure X Report is attached for reference

27. What was the City's experience with remote auditing? Would you suggest any changes?

Answer: The remote auditing experience was fine; however the City was required to scan several documents to primarily respond to interim testing questions. A good list of testing samples would assist in this situation. Some original remittances for major revenues, such as TOT and sales tax are in an electronic format.

The City has had no concerns with uploading PBC items to a cloud-based software system in advance of the audit. The City has provided documents in excel working papers, downloads from the City's software system, and any relevant scanned files.

If remote auditing is considered, the City would want to make sure that most follow-up requests for information are made at the conclusion of the audit week period. While the City understands that other things will come up; the City would like it to be as efficient, as possible.

28. Are the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files.

Answer: Most original documents are in hard-copy files and will need to be scanned.

29. Do you permit third parties to access the City financial software remotely?

Answer: Yes. The City provided view and print access to the City's financial software system.



Chavan and Associates, llp
Certified Public Accountants

Exhibit A

Audit and Nonattest Services	2022
City Audit and CAFR	\$ 33,600
GANN Limit Review Report	800
SCO Annual Financial Transactions Reports	2,625
SCO Annual Street Report	1,575
8 hours of Training	Included
Professional Discount	(600)
Measure X Local Transportation Sales Tax	4,000
Single Audit - Federal Assistance	5,000
Total All-Inclusive Maximum Price	\$ 47,000

Note: The Single Audit fee includes three major programs

CITY OF PACIFIC GROVE
TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND

WITH INDEPENDENT
AUDITORS' REPORT

JUNE 30, 2022

* * *



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

CITY OF PACIFIC GROVE
Transportation Safety and Investment Plan Account Fund
June 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Pacific Grove
Pacific Grove, California

Opinions

We have audited the accompanying financial statements of the Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove, as of June 30, 2022, 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.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Safety and Investment Plan Account Fund and do not purport to, and do not, present fairly the financial position of the City of Pacific Grove, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Transportation Safety and Investment Plan Account Fund financial statements that collectively comprise the City of Pacific Grove Transportation Safety and Investment Plan Account Fund financial statements. The accompanying supplemental information – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of management and was 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 City’s Transportation Safety and Investment Plan Account Fund 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 supplemental schedule – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2022, on our consideration of the City of Pacific Grove Traffic Safety and Investment Plan Account Fund's internal control over financial reporting and on our tests of its compliance with the requirements described in the TAMC's Ordinance No. 2016-01 and in the Agreement between TAMC and the City and other matters for the fiscal year ended June 30, 2022. The purpose of that report is solely to report our opinion on compliance and to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pacific Grove Traffic Safety and Investment Plan Account Fund's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pacific Grove Traffic Safety and Investment Plan Account Fund's compliance.

C & A LLP

November 26, 2022
Morgan Hill, California

**City of Pacific Grove
Transportation Safety and Investment Plan Accounting Fund
Balance Sheet
June 30, 2022**

ASSETS

Cash and investments	\$ 764,995
Taxes receivable	<u>208,109</u>
Total assets	<u>\$ 973,104</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 17,540
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Fund Balance:

Restricted	<u>955,564</u>
Total Liabilities and Fund balance	<u>\$ 973,104</u>

The accompanying notes are an integral part of these financial statements

City of Pacific Grove
Transportation Safety and Investment Plan Accounting Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2022

REVENUES

Transportation Safety and Investment Plan Account revenue	\$ 779,615
Investment earnings	<u>(16,307)</u>
Total Revenues	<u>763,308</u>

EXPENDITURES

Capital outlay	<u>803,482</u>
Total Expenditures	<u>803,482</u>

Net Change in Fund Balance (40,174)

Fund Balance Beginning 995,738

Fund Balance Ending \$ 955,564

The accompanying notes are an integral part of these financial statements

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove (the City) is a governmental fund type. 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 and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the Transportation Safety and Investment Plan Account Fund. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

Reporting Entity

The Transportation Safety and Investment Plan Account Fund from the Transportation Agency for Monterey County was approved on November 8, 2016. The revenue from the sales tax measure will be used to fund transportation safety and mobility projects in Monterey County. Expenditures are restricted to road improvements, pothole repairs, street and road maintenance, traffic deduction and regional safety, mobility and walkability.

The Transportation Safety and Investment Plan Fund financial statements and related accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements present only the Transportation Safety and Investment Plan Account Fund and do not purport to, and do not present, the City's financial position and changes in financial position. The City of Pacific Grove's basic financial statements are available from the Finance Department at City's address and website.

NOTE 2 – CASH DEPOSITS

The City follows the practice of pooling cash and investments for all funds (including the Transportation Safety and Investment Plan Account Fund) under its direct daily control. Interest earned on pooled cash and investments is allocated periodically to the various funds based on average cash balances. Detailed disclosure regarding the City's investments of cash is included in the notes to City's basic financial statements.

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City of Pacific Grove and the Transportation Agency for Monterey County, as amended, requires that the City 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 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 (“Maintenance of Effort”). This baseline amount will be indexed annually to the Engineering News Record construction index.

The following eligible expenditures were made:

Fiscal year ended June 30:	
2010	\$ 326,756
2011	396,862
2012	720,604
Total	<u>\$ 1,444,222</u>
Three-year average	\$ 481,407
Fiscal year ended June 30, 2017	\$ 912,274
Maintenance of effort baseline	\$ 912,274
Engineering News Record construction index FY 2019/20	1.37%
Engineering News Record construction index FY 2020/21	1.27%
Engineering News Record construction index FY 2021/22	2.05%
Index-adjusted maintenance of effort requirement	\$ 955,694
Current year eligible expenditures	\$ 1,439,632
Compliant (Yes or No)	Yes

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2022 was \$1,439,632. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Pacific Grove and the Transportation Agency for Monterey County.

**SUPPLEMENTARY
INFORMATION**

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Transportation Safety and Investment Plan Account Revenue	\$ 616,015	\$ 708,417	\$ 779,615	\$ 71,198
Interest	5,000	5,000	(16,307)	(21,307)
Total Revenues	<u>621,015</u>	<u>713,417</u>	<u>763,308</u>	<u>49,891</u>
EXPENDITURES				
Capital outlay	616,015	1,021,227	803,482	217,745
Total Expenditures	<u>616,015</u>	<u>1,021,227</u>	<u>803,482</u>	<u>217,745</u>
Net Change in Fund Balance	5,000	(307,810)	(40,174)	267,636
Fund Balance Beginning	<u>995,738</u>	<u>995,738</u>	<u>995,738</u>	<u>-</u>
Fund Balance Ending	<u>\$ 1,000,738</u>	<u>\$ 687,928</u>	<u>\$ 955,564</u>	<u>\$ 267,636</u>

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the Measure X Special Revenue Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**OTHER INDEPENDENT
AUDITORS REPORTS**



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

City Council
City of Pacific Grove
Pacific Grove, California

We have audited, 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, the financial statements of the Transportation Safety and Investment Plan Account Fund (Measure X Fund) of City of Pacific Grove (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Pacific Grove's Measure X Fund financial statements, and have issued our report thereon dated November 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Pacific Grove'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pacific Grove's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pacific Grove'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 misstatement 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 City's financial statement 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 City of Pacific Grove's Measure X Fund 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

November 26, 2022
Morgan Hill, California



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
TAMC ORDINANCE NO. 2016-01 AND THE MEASURE X
MASTER PROGRAMS FUNDING AGREEMENT**

City Council
City of Pacific Grove
Pacific Grove, California

We have audited the City of Pacific Grove's (the "City") Transportation Safety and Investment Plan Account Fund's (the City's Measure X Fund) compliance with the types of compliance requirements described in the Transportation Agency's for Monterey County's (TAMC) Ordinance No. 2016-01 and the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City, applicable for the fiscal year ended June 30, 2022.

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 Fund.

Auditor's Responsibility

Our responsibility is to express an opinion on the City'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. 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 be comingled 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 City occurred. An audit includes examining, on a test basis, evidence about the City'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 City's compliance.



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

In our opinion, the funds allocated to and received by the City's Measure X Fund, complied, in all material respects, with the compliance requirements referred to above that are applicable in accordance to 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 for the fiscal year ended June 30, 2022.

Purpose of this Report

The purpose of this report is solely to report our opinion on compliance with the TAMC Ordinance No. 2016-01 and to describe the scope of our testing over compliance and the results of that testing. This report is intended solely for the information and use of City Council, management of the Transportation Agency for 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.

C & A LLP

November 26, 2022
Morgan Hill, California

FINDINGS AND RECOMMENDATIONS

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2022

None reported.

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Status of Prior Year Findings and Recommendations
For the Fiscal Year Ended June 30, 2022

None reported.