

## General Compliance Reporting:

Confirm completion of the following Measure D Agreement requirements during the reporting year. The RTC shall utilize information from Recipient on expenditures to prepare a comprehensive report to the public on the expenditure of Measure D revenues.

Recipient - Update all highlighted fields on 3 tabs. Reporting Requirements (Articles from the Master Fund Agreement are referenced as comments)

REPORTING YEAR: **FY17/18**

Recipient Agency **City of Santa Cruz**

| Public Information/ Outreach   | Date   | Documentation (ex. copy of resolution, minutes, notices, articles, webpage, signage, etc) - <i>please attach.</i> | Comments, additional info. If applicable, briefly explain why publicity requirement was not completed                             |
|--|--|---|---|
| Date Initial 5-Year Plan Adopted   | 5/1/2017   | Resolution  | part of overall budget  |
| Date of 5-Year Plan Public Hearing   | 5/1/2017   | Staff report  | part of overall budget  |
| Date of annual audit of Measure D Expenditures   | 12/31/2018   | audit   | attached  |
| News Article   | 6/1/2018   | copy of article   | Provided as a separate attachment   |
| Website with info on Meas. D projects  | ongoing  | webpage sample  | <a href="http://www.cityofsantacruz.com/home/showdocument?id=71794">http://www.cityofsantacruz.com/home/showdocument?id=71794</a> |
| Map of Measure D-funded Projects   | ongoing  | copy of map or webpage  | See CIP document, Link above.   |
| Photos (before/after)  | ongoing  | Document with photos, captions  | Provided as a separate attachment   |
| Signage  | ongoing  | photo of signs  | Provided as a separate attachment   |
| Describe any other public outreach conducted during the reporting year about Measure D | 5-Year plans provided to City Council and Transportation and Public Works Commission. Update provided to TPWC and in project press releases. |   |   |

## Maintenance of Effort

|  |               |  |
|--|---------------|--|
| FY17/18 LOCAL funds spent on multimodal local road repairs & maintenance (exclude HUTA, formula state & fed funds, special grants)   | \$ 10,208,783 |  |
| Maintenance of Effort BASELINE (should match MOE report submitted to RTC in 2017)  | \$ 3,434,181  |  |
| FY18/19 LOCAL (exclude HUTA, formula state & fed funds) funds BUDGETED on multimodal local road repairs & maintenance  | \$ 8,781,811  | c400809 = \$6,338,980.93 of Measure H<br>c400810 = \$1,979,105.97 of Measure H<br>c401413 = \$50,000 of Business Contribution<br>c401807 = \$363,473.67 from General Fund<br>c401812 = \$50,250.72 from Parking Fund |
| If FY17/18 local expenditures were lower than the baseline amount, explain why. (e.g. emergencies, extraordinary event - fires, etc) Recipient agencies have up to three fiscal years to meet the adjusted minimum local revenue | N/A           |  |
| Does your agency have an indirect cost allocation plan?  | No            | If "no", Measure D funds cannot be used for indirect costs.  |
| Cities/County Only: Does your agency have an adopted Complete Streets policy?  | Yes           | General Plan 2030, adopted 2012  |

## Contacts

Administrative officer or designated staff available to report on or answer any and all inquiries in regard to Recipient's receipt, usage, and/or compliance audit findings regarding Measure D funds before the RTC and/or the Independent Oversight Committee or RTC advisory committees, as applicable.

| Name            | Title/Measure D tasks                               | Phone/email  |
|-----------------|---|--|
| Chris Schneider | Public Works Assistant Director/ Measures/Statistic | <a href="mailto:420-5422/csneider@cityofsantacruz.com">420-5422/csneider@cityofsantacruz.com</a> |
| Nicholas Gong   | Accountant/recording rev/exp                        | <a href="mailto:420-5058/ngong@cityofsantacruz.com">420-5058/ngong@cityofsantacruz.com</a>       |

## MEASURE D EXPENDITURE REPORT

List how Measure D funds were expended. While backup documentation (e.g. invoices from contractors, payroll, etc) do not need to be submitted with this report, all Measure D funds must included in recipient agency's fiscal audit and projects will be randomly selected for more detailed review. Agencies should retain records documenting Measure D expenditures for at least 3 years on each

| Agency             | Beginning of Year Fund Balance | FY 16/17-17/18 Measure D Received<br>(4/1/17-6/30/18) | Interest Earned on Measure D funds | Measure D Expended<br>(4/1/17-6/30/18) | End of Year Fund Balance/ Carryover to be Spent in Future Years |
|--------------------|--------------------------------|---|------------------------------------|--|---|
| City of Santa Cruz | NA in first                    | \$ 1,306,859.27                                       | \$ -                               | \$ 686,526.33                          | \$ 620,332.94   |

| DETAILED SUMMARY OF EXPENDITURES AND ACCOMPLISHMENTS. |  |                    |   |                                |   |                                |  |                                | 5-year                           |
|---|--|--------------------|---|--------------------------------|---|--------------------------------|--|--------------------------------|----------------------------------|
| #   | Project Name   | Total Project Cost | Past year(s) Measure D Expenditures on this project | FY17/18 Measure D Expenditures | (Est) Future Year(s) Measure D Expenditures | Measure D-funded Capital Costs | Leveraged Funds<br>(grants & other funds secured, which used Meas. D as match) | Leveraged Fund Source Name(s)  | Project in approved 5-year plan? |
| 1   | c401807 - SLR Parkway Phase III - Trestle Trail Widen - RTC & City   | \$ 136,526.33      | \$ -  | \$ 136,526.33                  | \$ 863,473.67                               | \$ 136,526.33                  | \$ 550,000.00  | State Natural Resources agency | Yes                              |
| 2   | c401812 - Downtown Bike Locker Replacement Program - City            | \$ 74,749.28       | \$ -  | \$ 50,000.00                   | \$ 100,000.00                               | \$ 50,000.00                   | \$ -   | \$ -                           | Yes                              |
| 3   | c400809 - City Arterial & Collector St Reconstruction and Overlay    | \$ 6,502,164.97    | \$ -  | \$ 250,000.00                  | \$ 1,600,000.00                             | \$ 250,000.00                  | \$ 6,252,164.97  | Gas Tax, Measure H             | Yes                              |
| 4   | c400810 - City Residential & Collector St Reconstruction and Overlay | \$ 505,989.81      | \$ -  | \$ 250,000.00                  | \$ 1,450,000.00                             | \$ 250,000.00                  | \$ 255,989.81  | Measure H                      | Yes                              |
| Total   |  | \$                 | -   | \$ 686,526.33                  | \$ 4,013,473.67                             | \$ 686,526.33                  | \$ 7,058,154.78  |                                |                                  |

## Agency

City of Santa Cruz

| TAILED SUMMARY OF EXPENDITURES AND                                   |                           | Project Information Continued  |   |   | Project Status/Timeline |  |                       |
|--|---------------------------|--|---|---|-------------------------|--|-----------------------|
| Project Name   | Location/Limits           | Description<br><i>(may include additional project components, ex. complete streets, traffic calming, crossing improvements, drainage upgrades, etc.)</i> | Project Category<br><i>(Drop-down Menu)</i> | Primary Project Type<br><i>(Drop-down Menu)</i> | Project Status          | CEQA compliance<br><i>(List type of document &amp; certification date - e.x. CE, 5/1/18)</i> | Construction schedule |
| c401807 - SLR Parkway Phase III - Trestle Trail Widen - RTC & City   | San Lorenzo River         | Replace 4' bridge with 10' bridge over river next to railroad tracks   | Bike/Ped                                    | Multiuse Paths (Class I)                        | In-progress             | IS/MND   | 1/2/19-6/1/19         |
| c401812 - Downtown Bike Locker Replacement Program - City            | Downtown Lots and Garages | bike lockers available for public use  | Bike only                                   | Bike Parking                                    | In-progress             | CE   | Phase 1 complete      |
| c400809 - City Arterial & Collector St Reconstruction and Overlay    | City Limits               | citywide roadway repairs/reconstruction  | Road Rehab                                  | Street Resurfacing/Maintenance                  | In-progress             | CE   | Annual                |
| c400810 - City Residential & Collector St Reconstruction and Overlay | City Limits               | citywide roadway repairs/reconstruction  | Road Rehab                                  | Street Resurfacing/Maintenance                  | In-progress             | CE   | Annual                |

**Total**

## Agency

City of Santa Cruz

| TAILED SUMMARY OF EXPENDITURES AND                                   |   | Project Costs by Mode - estimate percent of project by mode |   |            |            | Additional Metrics - if applicable |                                       |  |  |
|--|---|---|---|------------|------------|------------------------------------|---------------------------------------|--|--|
| Project Name   | Completion Date<br>(actual or estimate) | % System Preservation                                       | % Roadway<br>(on local roads, non-sys. preservation - ex. traffic circulation, intersections, bikeways, etc.) | % Bike     | % Ped      | New Bike Lane Miles                | New Pedestrian Path or Sidewalk Miles | Miles of pavement rehab/repair (pothole, seals, etc) | Rehab of bikeways, sidewalks, or ADA ramps included? |
| c401807 - SLR Parkway Phase III - Trestle Trail Widen - RTC & City   | 6/1/2019                                |   |   | 50%        | 50%        |                                    | 340 feet                              |  | na   |
| c401812 - Downtown Bike Locker Replacement Program - City            | 6/30/2020                               |   |   | 100%       | 0%         |                                    |                                       |  | na   |
| c400809 - City Arterial & Collector St Reconstruction and Overlay    | Annual                                  | 80%   | 0%  | 10%        | 10%        |                                    |                                       | 0-not completed                                      | Yes  |
| c400810 - City Residential & Collector St Reconstruction and Overlay | Annual                                  | 80%   | 0%  | 10%        | 10%        |                                    |                                       | 0-not completed                                      | Yes  |
| <b>Total</b>   |   | <b>87%</b>  | <b>0%</b>   | <b>41%</b> | <b>43%</b> | <b>0.00</b>                        | <b>0.06</b>                           | <b>0.00</b>  |  |

**Measure D: Neighborhood Projects Program** (Funds to Cities and County for Local Streets and Roads - LSR)

**Performance Measures**

AGENCY:

City of Santa Cruz

Measure D recipients are to document the performance and benefits of the projects and programs funded with Measure D funds. The following performance measures are a selection of performance standards to be documented by the recipients, as applicable. Additional or alternate performance measures may be provided or requested by the RTC or recipients.

Submittal date

12/21/2018

| Performance Measure  | Performance Metric and Standard   |  | Corrective Action  |
|--|---|--|--|
|  | Baseline/Prior Year   | Current  |  |
| <b>Pavement State of Repair</b>  | Track city/countywide Pavement Condition Index (PCI), which rates the "surface condition" of local streets from 1 to 100, at least every three years. |  | Any agency with a falling PCI must provide an explanation. If the PCI drops, specify what funding amounts, policies, or other needs are required to enable increasing the PCI to 60 (fair) or above. |
| Average Network PCI (0-100)*   | 60  | 68   | na   |
| Date of PCI Analysis (month/year)  | Avg 2013-2017   | 12/31/2017   |  |
| Miles repaved in FY17/18 (using all funds, not just Measure D)   |   | 3.75   |  |
| Miles agency plans to repave in FY18/19 (using all funds, not just Measure D)  |   | 0.95   |  |
| Total centerline miles in jurisdiction   | 136   | 136  |  |
| <b>Complete Streets Implementation</b>   |   |  | Provide an explanation if less than 20% of Measure D funds are spent on bicycle and pedestrian facilities.   |
| Percent of annual Measure D funds used to support bicycling and walking.   | na  | 43%  | na   |
| Number of linear feet or lane miles of bicycle facilities built or maintained (bike lanes, bike routes, multi-use pathways)  | na  | 0.44 miles of new bike facilities and 16 replacement Downtown bike lockers.  |  |
| Number of pedestrian projects completed (linear feet of sidewalks, number of crossing improvements/stripping, quantify traffic calming items, lighting, landscaping/streetscape, number of curb/ADA ramps, linear feet of trail/pathway built or maintained) | na  | 89 new and replacement curb ramps. Some of bike facilities noted above are also pedestrian facilities.                       |  |
| Describe how school access was improved for children bicycling and walking, which may include collision data   | na  | New curb ramps, crosswalk and bike lane striping on City Arterial Streets such as King and Morrissey. Street Smarts Program. |  |
| <b>Capital Project and Program Investment</b>  | Investment into capital projects and programs is greater than funding program administration  | Investment into capital projects and programs is greater than funding program administration                                 | Any agency expending less on capital investments compared to other activities must explain how capital investments will increase in the subsequent years   |
| Amount expended on capital projects and programs by phase (design, right-of-way, construction and capital support)   | See Expenditures Tab  | See Expenditures Tab   |  |
| <b>Leveraged Funds</b>   | Report total grants and other funding secured using Measure D as a match.   | Report total grants and other funding secured using Measure D as a match.  | Explain if Measure D funds fully funding all projects.   |
| Amount of competitive grants secured using Measure D as match  | na  | See Expenditures Tab   |  |

**City *of* Santa Cruz**

**State of California**

**Measure D Fund Financial Statements**

**For the Fiscal Year Ended June 30, 2018**

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**City of Santa Cruz**  
**Measure D Fund**  
**Report For the year ended June 30, 2018**

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the City Council and Citizens of the  
City of Santa Cruz, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the 2016 Measure D Fund (Measure D Fund), a nonmajor special revenue fund of City of Santa Cruz, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure D Fund of the City, as of June 30, 2018, and the change in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the Measure D Fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018, and the changes in its financial position 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***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the City'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 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 City's internal control over financial reporting and compliance.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
December 31, 2018

# City of Santa Cruz

## Balance Sheet

### Measure D Fund

(A nonmajor special revenue fund of the City of Santa Cruz, California)

June 30, 2018

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|                      | Measure D<br>Fund |
|----------------------|-------------------|
| <b>Assets:</b>       |                   |
| Cash and investments | \$ 618,470        |
| Total assets         | <u>\$ 618,470</u> |
| <b>Fund Balance:</b> |                   |
| Restricted:          |                   |
| Streets and roads    | 618,470           |
| Total fund balance   | <u>\$ 618,470</u> |

The accompanying notes are an integral part of these financial statements.

## City of Santa Cruz

### Statement of Revenues, Expenditures, and Changes in Fund Balance

#### Measure D Fund

(A nonmajor special revenue fund of the City of Santa Cruz, California)

For the year ended June 30, 2018

|   | Measure D<br>Fund        |
|---|--------------------------|
| <b>Revenues:</b>  |                          |
| Intergovernmental   | \$ 1,306,859             |
| Total revenues  | <u>1,306,859</u>         |
| <b>Expenditures:</b>                                      |                          |
| Current:  |                          |
| Transit   | 1,863                    |
| Total expenditures  | <u>1,863</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,304,996</u>         |
| <b>Other financing sources or (uses):</b>                 |                          |
| Transfers out   | (686,526)                |
| Total other financing sources (uses)                      | <u>(686,526)</u>         |
| Net change in fund balances                               | 618,470                  |
| Fund balance, beginning of year                           | -                        |
| <b>Fund balance, end of year</b>                          | <u><u>\$ 618,470</u></u> |

The accompanying notes are an integral part of these financial statements.

# City of Santa Cruz

## Notes to the Financial Statements

### Measure D Fund

(A nonmajor special revenue fund of the City of Santa Cruz, California)

June 30, 2018

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

All transactions of the Santa Cruz County Regional Transportation Commission - Measure D Fund (Measure D Fund) of the City of Santa Cruz (the City) are included as a separate special revenue fund in the basic financial statements of the City. The accompanying financial statements are for Measure D Fund only and are not intended to fairly present the financial position or results of operations of the City.

##### B. Basis of Presentation

###### Fund Accounting

The operations of the Measure D Fund are accounted in a nonmajor special revenue fund, in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

##### C. Basis of Accounting

The Measure D funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Generally, revenues are considered available if they are collected within 60 days after fiscal year end. If revenues are not subject to accrual, they are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual by the City, are sales tax, intergovernmental revenues, and other taxes. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred.

##### D. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include currency on hand and deposits in the City's cash and investment pool. These deposits have the same characteristics for the participating funds as demand deposit accounts, in that the funds including the Measure D fund may deposit additional cash at any time and also effectively withdraw cash at any time without prior notice or penalty.

# City of Santa Cruz

## Notes to the Financial Statements

### Measure D Fund

(A nonmajor special revenue fund of the City of Santa Cruz, California)

June 30, 2018

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

##### E. Fund Balance

As of June 30, 2018, fund balance of the Measure D Fund was classified as restricted which is defined as amounts that can be spent only for specific purposes because of constraints that are externally imposed by grantors, contributors, or the laws or regulations.

##### F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported and the disclosures in the financial statements. Actual results could differ from these estimates and assumptions.

#### 2. MEASURE D FUNDS

Under Measure D, approved by the voters of Santa Cruz County in 2016, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used to improve children's safety around schools; repair potholes; repave streets; improve traffic flow on Highway 1; maintain senior/disabled transit; reduce global warming pollution by providing transportation options like sidewalks, buses, bike lanes, trails; and preserve rail options.

#### 3. CASH DEPOSITS AND INVESTMENTS

Cash and investments held by the Measure D Fund at June 30, 2018, consisted of \$618,470 in cash pooled with the City's Cash and Investments.

Investments authorized by the California Government Code and the City of Santa Cruz's investment policy:

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase. The City's pool is not rated and is not registered with the SEC. The City's average maturity of its investments is less than one year.

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**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**

The Honorable City Council  
City of Santa Cruz, 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 Measure D Fund (Measure D Fund) of the City of Santa Cruz, California (City), as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018. Our opinion included an emphasis of matter as discussed that the financial statements present only the Fund specific to Measure D Fund, and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 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 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 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 Measure D Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including the applicable compliance requirements specified in the Measure D agreement between the City and Santa Cruz Regional Transportation Commission, 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* or the Measure D agreement.

### **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.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
December 31, 2018

