

CITY OF GONZALES

ANNUAL MEASURE X PROGRAM COMPLIANCE REPORT

The Annual Program Compliance Report should, at a minimum, describe the efforts of the local jurisdiction to comply with the policies of Measure X over the reporting period. The report should include a narrative of how the jurisdiction spent Measure X funds on local projects including the project title; brief description; discussion of the project benefits; and before and after pictures. A balance sheet should also be included with the report detailing the receipt and expenditure of Measure X funds, as shown in the example below.

CITY OF GONZALES - YEAR 2018/19 BALANCE SHEET

REVENUES	
Carryover from Previous Year	\$0.00
Measure X Revenues	\$208,391.00
Earning on Interest	\$0.00
TOTAL REVENUES:	\$208,391.00
EXPENDITURES	
DEBT SERVICE ON MEASURE X LOAN FOR ALTA STREET REHABILITATION PROJECT	
Principal on TAMC Loan	\$158,639.00
Interest on TAMC Loan	\$49,752.00
TOTAL EXPENDITURES:	\$208,291.00
FUND BALANCE, END OF PERIOD:	\$0.00

As attachments to the Annual Program Compliance Report, the jurisdiction should include the following additional reports:

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 1

INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

CITY OF GONZALES

**TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019

CITY OF GONZALES
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Gonzales
City of Gonzales, California

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial position of the City of Gonzales Transportation Safety and Investment Plan Account Fund, as of June 30, 2019, and the changes in financial position thereof for the fiscal 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 Fund and do not purport to, and do not, present fairly the financial position of the City of Gonzales, as of June 30, 2019, 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.

A handwritten signature in black ink, appearing to be 'Meredith J. [unclear]', written in a cursive style.

December 13, 2019

CITY OF GONZALES

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

BALANCE SHEET

JUNE 30, 2019

ASSETS

Cash and investments	\$	_____	-
Total assets		_____	-

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	_____	-
Total Liabilities	_____	-

Fund Balance:

Restricted	_____	-
Total Fund Balance	_____	-

Total Liabilities and Fund Balance	\$	=====	-
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CITY OF GONZALES

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE JUNE 30, 2019

REVENUES

Transportation Safety and Investment Plan Account revenue	\$ 208,391
Total revenues	<u>208,391</u>

EXPENDITURES

Debt Service	
Principal	158,639
Interest	<u>49,752</u>
Total Expenditures	<u>208,391</u>
Net change in fund balance	-
Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ -</u></u>

CITY OF GONZALES

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL JUNE 30, 2019

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Transportation Safety and Investment Plan Account revenue	\$ 180,000	\$ 208,391	\$ 28,391
Total revenues	<u>180,000</u>	<u>208,391</u>	<u>28,391</u>
EXPENDITURES			
Debt service			
Principal	144,000	158,639	(14,639)
Interest	<u>36,000</u>	<u>49,752</u>	<u>(13,752)</u>
Total Expenditures	<u>180,000</u>	<u>208,391</u>	<u>(28,391)</u>
Net change in fund balance	-	-	-
Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GONZALES

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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 Gonzales (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 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 Gonzales’s basic financial statements are available from the Finance Department at 147 Fourth Street, Gonzales, California 93926 and at www.gonzalesca.gov.

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 financial statements of the City.

CITY OF GONZALES

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City of Gonzales and the Transportation Agency for Monterey County required 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 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 (3) 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, 2016:	\$ -
For the fiscal year ended June 30, 2017:	\$ -
For the fiscal year ended June 30, 2018:	\$ -
Three year average of above expenditures:	\$ -

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2019 was \$0. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Gonzales and the Transportation Agency for Monterey County.

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

Honorable Mayor and City Council
City of Gonzales
Gonzales, California

We have audited the financial statements of the City of Gonzales Transportation Safety and Investment Plan Account Fund's (the "City") 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 Gonzales applicable for the fiscal year ended June 30, 2019.

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

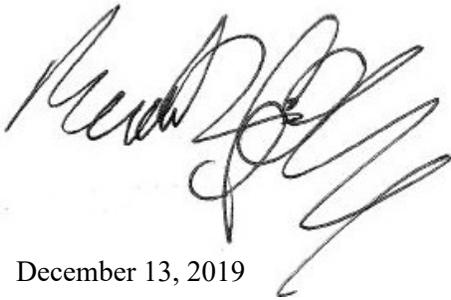
Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City of Gonzales. 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, 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 Transportation Safety and Investment Plan Account Fund

In our opinion, the funds allocated to and received by the City of Gonzales Transportation Safety and Investment Plan Account 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 of Gonzales for the fiscal year ended June 30, 2019.

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

A handwritten signature in black ink, appearing to be "Mark J. ...", is written over a faint, illegible printed name.

December 13, 2019

ATTACHMENT 2 - FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

**CITY of GONZALES
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2018/19 – 2022/23**

FY 2018/19

Project	Description & Phase	Total Cost	Measure X	PCI
Alta Street Pavement Rehab	Construction	\$5.2 Million	\$2.5 Million	100
Totals:		\$5.2 Million	\$2.5 Million	

Next eight years will be paying back the \$2.5 million loan from TAMC with Measure X monies for the Alta Street Pavement Rehabilitation Project

ATTACHMENT 3 - PAVEMENT MANAGEMENT REPORT



City of Gonzales

P.O. BOX 647
PHONE: (831) 675-5000

147 FOURTH ST.
FAX: (831) 675-2644

GONZALES, CALIFORNIA 93926
www.gonzalesca.gov

December 26, 2019

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

Maria Orozco
Mayor

Scott Funk
Mayor Pro Tem

Liz Silva
Councilmember

Lorraine Worthy
Councilmember

Paul Miller
Councilmember

René L. Mendez
City Manager

Subject: Pavement Management Program Annual Report Letter

The City of Gonzales has a Pavement Management Program that conforms to the criteria established by the Transportation Agency for Monterey County as required in the Measure X Agreement with the city.

The Pavement Management Program utilizes StreetSaver, version 9.0.0 as developed by the Metropolitan Transportation Commission. The Pavement Management Program was prepared by Harris & Associates and contains, at a minimum, the following elements:

1. Inventory of all existing streets under city jurisdiction:

Centerline miles:	20 miles
Total lane miles (or equivalent units):	20.5 miles
The last update of the inventory was completed:	August 2016

2. Average Pavement Condition Index (PCI) = 60

3. Identification of sections of roadways brought up to acceptable PCI levels for Fiscal Year 2018/19:

Alta Street was completely reconstructed in FY2017/18 and FY2018/19 (PCI = 100). This was a \$5.2 million project that was 50% funded with Measure X monies.

4. Amount spent to rehabilitate or replace deficient sections for Fiscal Year 2018/19 was \$0.00.

We are coordinating a joint roadway project with Monterey County to reconstruct Gloria Road, Iverson Road and Johnson Canyon Road to the entrance to the SVSWA Landfill. This five-mile long \$9M project will be issued for public bid in February 2020 with construction expected to begin in May 2020. Funding is a combination of SB1 funds and SVSWA Mitigation monies.

Contact me with any questions regarding this information.

Sincerely,

PATRICK DOBBINS

Patrick M. Dobbins, PE
Public Works Director/City Engineer

Gonzales will continue to be a safe, clean, family-friendly community, diverse in heritage, and committed to working collaboratively to preserve and retain its small town charm