KING CITY
CALIFORNIA

MEASURE X ANNUAL PROGRAM COMPLIANCE REPORT

212 SOUTH VANDERHURST AVENUE

KING CITY, CA 93930

FISCAL YEAR 2023/24

ANNUAL PROGRAM COMPLIANCE REPORT

Before and After pictures

City of King FY 2023-24 Balance Sheet

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

ANNUAL PROGRAM COMPLIANCE REPORT

The City of King is actively using its Measure X Funds to improve local streets within the city limits. During the 2023-24 fiscal year the City completed the 2023 Slurry Project which consists applying a type 3 slurry treatment over 700,000 square feet street surfaces. $618,012 of Measure X Funds was allocated to this project in 2023-24.

$15,920 was allocated to Thermoplastic Striping, $230 to a speed survey request, $12,750 to a soils report for the Division Street project, $13,754 to Professional Services and $12,636 was allocated to Engineering Services.

The City participated in a Regional Pavement Management effort under a funding agreement between the Transportation Agency for Monterey County and the City of King. The Pavement Management Program was updated in December, 2022 and the update was used to prepare the enclosed Pavement Management Report.

The City continues to use funds to plan, design and implement street projects to improve the City of King's transportation network. Below are during and after pictures showing improvements to King City using Measure X funds.



Figure 1 San Antonio Drive - During Construction



Figure 2 San Antonio Drive - After

CITY OF KING – FY 2023-24 BALANCE SHEET

REVENUES	
Carryover from Previous Year	$750,732
Measure X Revenues	$566,521
Earning on Interest	$15,182
TOTAL REVENUES:	$1,332,435
EXPENDITURES	
2023 Slurry Project North of San Antonio	$608,761
Project Management – 2023 Slurry Project	$9,252
Thermoplastic Striping	$15,920
Speed survey memo	$230
Division Street Soils Report	$12,750
Professional Services	$13,754
Engineering Services	$12,636
TOTAL EXPENDITURES:	$673,303
FUND BALANCE, END OF PERIOD:	$659,132

ATTACHMENT 1

INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

CITY OF KING

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

JUNE 30, 2024

CITY OF KING
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

TABLE OF CONTENTS
JUNE 30, 2024

Independent Auditors' Report ..... 1 – 2

Financial Statements:

Balance Sheet 3

Statement of Revenues, Expenditures, and Changes in Fund Balance 4

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 5

Notes to Financial Statements ..... 6 – 7

Independent Auditors' Report on Internal Control over Financial Reporting And on Compliance with TAMC Ordinance No. 2016-01 Transportation Safety and Investment Plan Fund and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 8 – 10

BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the City of King Transportation Safety and Investment Plan Account Fund, as of and for the fiscal year ended June 30, 2024, 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 King, California, as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 of King, California, 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 opinion.

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 King, California, as of June 30, 2024, 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.

Responsibilities of Management for the Financial Statements

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 of King, California'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.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the City of King Transportation Safety and Investment Plan Account Fund'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 City of King Transportation Safety and Investment Plan Account Fund'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 City of King Transportation Safety and Investment Plan Account Fund's internal control over financial reporting and compliance.



December 19, 2024

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
BALANCE SHEET
JUNE 30, 2024

ASSETS	
Cash and investments	$ 529,678
Accounts receivable	141,721
Interest receivable	1,487
Total assets	672,886
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	13,754
Total Liabilities	13,754
Fund Balance:	
Restricted	659,132
Total Fund Balance	659,132
Total Liabilities and Fund Balance	$ 672,886

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

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2024

REVENUES	
Transportation Safety and Investment Plan Account revenue	$ 566,521
Use of money and property	15,182
Total revenues	581,703
EXPENDITURES	
Streets and roads maintenance	35,642
Capital outlay	637,661
Total Expenditures	673,303
Net change in fund balance	(91,600)
Fund balance, beginning of fiscal year	750,732
Fund balance, end of fiscal year	$ 659,132

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
JUNE 30, 2024

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Transportation Safety and Investment Plan Account revenue	$ 521,220	$ 566,521	$ 45,301
Use of money and property	-	15,182	15,182
Total revenues	521,220	581,703	60,483
EXPENDITURES			
Streets and roads maintenance	60,220	35,642	24,578
Capital outlay	461,000	637,661	(176,661)
Total Expenditures	521,220	673,303	(152,083)
Net change in fund balance	-	(91,600)	(91,600)
Fund balance, beginning of fiscal year	-	750,732	-
Fund balance, end of fiscal year	$ -	$ 659,132	$ (91,600)

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 King (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 King's basic financial statements are available from the Finance Department at 212 South Vanderhurst Avenue, King City, California 93930 and at www.kingcity.com.

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.

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City of King 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, 2021:	$ 40,048
For the fiscal year ended June 30, 2022:	$ 278,812
For the fiscal year ended June 30, 2023:	$ 144,026
Three-year average of above expenditures:	$ 154,295

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2024 was $60,546. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of King and the Transportation Agency for Monterey County.

BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH TAMC ORDINANCE NO. 2016- 01 TRANSPORTATION SAFETY AND INVESTMENT PLAN FUND AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of King Transportation Safety and Investment Plan Account Fund's (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of King Transportation Safety and Investment Plan Account Fund's financial statements, and have issued our report thereon dated December 19, 2024.

We have also audited the City's 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, appliable for the fiscal year ended June 30, 2024.

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 King. 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 King 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 King for the fiscal year ended June 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. 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 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.

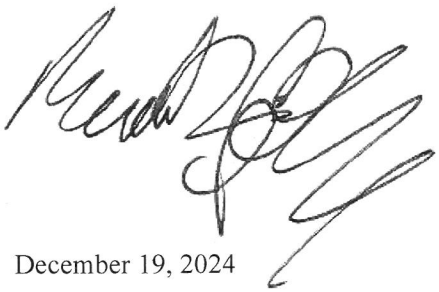
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 entity's internal control and compliance. This report is intended solely for the information and use of the 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.



December 19, 2024

ATTACHMENT 2

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

CITY of KING

MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

FOR YEARS FY 2024-25 – FY 2028-29

YEAR 1 (2024-25)

Project	Description & Phase	Total Cost	Measure X	PCI
Division Street/Colins Street Resurfacing	Grind & Overlay: Division Street (Canal St – Vanderhurst Ave) Division Street (Vanderhurst Ave– First St) Collins St (N 3rd St – Russ St)	 $1,500,000 $413,660	$459,659	 24 24 39
	Totals:	**$1,913660**	**$459,659**	

YEAR 2 (2025-26)

Project	Description & Phase	Total Cost	Measure X	PCI
7th Street/Monte Vista Area Resurfacing	Grind and overlay: 7th Street (Bassett St-Division) Monte Vista (Reich-Talbot) Reich St (Canal St-San Lorenzo) Talbot St (Canal St-Mildred St) Lucket St(Mildred-San Lorenzo) San Lorenzo (Broadway - Division) Park Place (West End–East End) Fairview Dr (Park Place-Division) S Vanderhurst Ave (Broadway St – Division St) S Third St (Broadway St – Division St)	$3,147,236	$531,645	0 26 53 29 33 40 37
	Totals:	**$3,147,236**	**$531,645**	

YEAR 3 (2026-27)

Project	Description & Phase	Total Cost	Measure X	PCI
Broadway Street Resurfacing	New Street and Sidewalk improvements along Broadway Street: Broadway (San Antonio Dr-Russ St)	$2,283,982	$542,275	37 46
	Totals:	**$2,283,982**	**$542,275**	

YEAR 4 (2027-28)

Project	Description & Phase	Total Cost	Measure X	PCI
N Third Street Resurfacing	Grind & Overlay: San Antonio Dr–Broadway Street)	$1,231,747	$553,120	28
	Totals:	**$1,231,747**	**$553,120**	

YEAR 5 (2028-29)

Project	Description & Phase	Total Cost	Measure X	PCI
Metz Road Resurfacing	Grind & Overlay: Metz Road (City Limits – Bitterwater Road)	$1,492,920	$564,182	28
	Totals:	**$1,492,920**	**$564,182**	

ATTACHMENT 3

PAVEMENT MANAGEMENT PROGRAM REPORT

KING CITY
CALIFORNIA

December 16, 2024

Todd Muck

Deputy Executive Director

Transportation Agency for Monterey County

55-B Plaza Circle

Salinas, CA 93901

Re: Pavement Management Program Annual Report

The City of King 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. Staff participated in 8-hour training program administered through TAMC. The City had their street's pavement condition inspected in 2022 to update their Pavement Condition Index. The index is 61, the same as it was in 2018. This shows the City is using available funds to maintain the condition of its streets, preventing the natural deterioration of its street network.

The Pavement Management Program utilizes a software system developed by:

Metropolitan Transportation Commission StreetSaver, Latest Version

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

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

Centerline miles:	30.7
Total lane miles (or equivalent units):	64.5
Previous update of the inventory was completed on:	07/16/2018
The last update of the inventory was completed on:	December, 2022

- Average Pavement Condition Index (PCI) 61

- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

Road Section	PCI before	PCI after
Slurry Seal (Type 3):		
San Antonio Road and Creekbridge and Mills Ranch neighborhoods	ranged from 65-80	90-95

Amount spent to rehabilitate or replace deficient sections for the current year:

Slurry Seal (Type 3)	$618,012
Total:	$618,012

Please contact me if you have any questions regarding this annual report or our pavement management program.

Sincerely,

Octavio Hurtado

Octavio Hurtado, P.E.

City Engineer

ATTACHMENT 4

MAINTENANCE OF EFFORT REPORT

CITY of KING

THREE-YEAR MAINTENANCE OF EFFORT REPORT

FOR YEARS 2020/21 – 2022-23

Year 1 (2020/2021)

Fund Source	Amount	Year
General Fund	$40,048	2020-21
Total Expended on Transportation	**$40,048**	

Year 2 (2021/2022)

Fund Source	Amount	Year
General Fund	$278,812	2021-22
Total Expended on Transportation	**$278,812**	

Year 3 (2022/2023)

Fund Source	Amount	Year
General Fund	$144,026	2022-23
Total Expended on Transportation	**$144,026**	

Three-Year Average of Transportation Expenditures: $154,295

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

Octavio Hurtado

Octavio Hurtado, PE

Public Works Director/City Engineer