



# **CITY OF PACIFIC GROVE**

## **FY24/25 Measure X Annual Compliance Report**

**Report Components**

- Project Report & Balance Summary Sheet
- Attachment 1: Five-Year Capital Improvement Program
- Attachment 2: Pavement Management Program Report Letter
- Attachment 3: Before & After Photos
- Attachment 4: Independent Audit of Financial Statements for Measure X Funds, Prior Fiscal Year

**CITY OF PACIFIC GROVE  
FY23/24 PROJECT REPORT & BALANCE SHEET**

<b>REVENUES</b>	
Carryover from Previous Year	\$1,036,890
Measure X Revenues	\$820,135
Earning on Interest	\$35,920
<b>TOTAL REVENUES:</b>	<b>\$856,055</b>
<b>EXPENDITURES</b>	
(Listing of Program Expenditures)	
<b>TOTAL EXPENDITURES:</b>	<b>\$599,605</b>
<b>FUND BALANCE, END OF PERIOD:</b>	<b>\$1,293,340</b>

**PROJECT**  
**DAVID AVENUE ROAD REHABILITATION (CIP23-04)**

**Project Title:** Dave Avenue Road Rehabilitation Project

**Scope of Work:** This project addresses David Ave from Divisadero Ave to Forest Ave. This segment of the roadway is currently in "poor " condition with a Pavement Condition Index rating of 48. This segment serves as a main arterial in and out of the City and provides access to local schools, neighborhoods and commercial/shopping areas.

The project will allow for the reengineering and reconstruction of the roadway to withstand the heavy usage and natural underground moisture. This project has been identified via in-field observations and maintenance logs.

In addition to reengineering the roadway, the project will entail ADA improvements and installation of sidewalk and curb/gutter. This will significantly improve access and safe walking routes on a major thoroughfare. This project requires coordination with Caltrans.

In FY22/23 and FY23/24 the project remained in the engineering phase in large part due to the need to obtain Caltrans Permitting. Permits have now been obtained, and the project has been carried forward into Fiscal Year 2024/25.

The scope of work for the FY24/25 **David Avenue** Street Rehabilitation Project bid includes:

- Reconstruction of 18,600 SF of deteriorated pavement
- Reconstruction of 400 SF of sidewalk
- Construction of 60 LF of curb and gutter
- Replacement of 350 LF of sewer main line
- Construct 760 LF of 5' wide AC Walkway, from David sidewalk to Forest curb ramp
- Construct 2,600 LF of 8' wide AC Walkway, From David sidewalk, through the park to Morse Drive

**Benefits:** This project addressed a poor segment of roadway that poses a constant repair problem for Public Works Crews. Chunks of pavement are frequently dislodged from the road creating potholes and road hazards. The underground moisture and heavy traffic volumes further deteriorate road conditions. Public Works maintenance crews regularly perform hot mix patches on this segment of roadway, this merely serves as a temporary fix and is not a long-term solution; rehabilitation was needed.

**Other Funds Leveraged/Expended:** This project is funded by Measure X (\$267,000) and

the Sewer Enterprise Fund (\$156,000). The project came in significantly under budget and the project was completed in September of 2025.

FY24/25 Expenses:

- Measure X: \$71,923.85

**Before and After Photos:** Before and after photos are included in Exhibit

<b>PROJECT</b>
<b>FY23/24 Crack &amp; Slurry Seal (CIP24-02)</b>

**Project Title:** FY23/24 Crack & Slurry Seal

**Scope of Work:** The City's Pavement Management Program was utilized to identify approximately 570,800 SF of street surface, at various locations across the city, to receive a crack and slurry seal treatment. This included 12 road segments. This cost-effective maintenance treatment allows the City to ensure these roads remain in good condition by preventing rapid pavement deterioration and potholes due to inclement weather.

STREET NAME	LIMITS
19 <sup>TH</sup> STREET	PINE AVE TO JUNIPERO AVE
17 <sup>TH</sup> STREET	JUNIIPERO AVE TO PINE AVE
17 <sup>TH</sup> STREET	SINEX AVE TO JUNIPERO AVE
LOCUST STREET	PINE AVE TO JUNIPERO AVE
SPRUCE AVE	LOCUST ST TO ALDER ST
CEDAR STREET	JEWELL AVE TO LIGHTHOUSE AVE
CEDAR STREET	PINE AVE TO SINEX AVE
GIBSON AVE	EARDLEY TO ALDER
JUNIPERO AVE	FOUNTAIN AVE TO ALDER ST
PINE AVE	GRAND AVE TO CARMEL
GRANITE STREET	PINE AVE TO LAUREL AVE
MAPLE STREET	17 MILE DR TO CEDAR ST

**Benefits:** Crack and slurry sealing is a vital maintenance activity that helps preserve the City's roadways against rapid deterioration due to inclement weather. This is a cost-effective maintenance treatment that helps ensure roads in good condition, remain in good condition for years to come. Streets that received the crack and slurry seal treatment were identified via the City's Pavement Management Program, maintenance logs and in-field observations.

**Other Funds Leveraged/Expended:** This project was funded by the City's General Fund (\$200,000), Measure X Funds (\$185,000), American Rescue Plan Act Funding (\$15,290). This project commenced in FY23/24 and was carried forward to FY24/25 to allow for completion. The figures above represent full project expenses.

FY24/25 Expenses:

- Measure X: \$39,458.89

**Before and After Photos:** Before and after photos are included in Exhibit A.

**PROJECT**  
**FY 23/24 Street Rehab (CIP 24-01)**

**Project Title:** FY23/24 Street Rehabilitation Project

**Scope of Work:** The FY23/24 Street Rehabilitation Project was approved as part of the FY23/24 Capital Improvement Plan (CIP) to address the aging road infrastructure network on:

1. Locust St, Sinex to Junipero (PCI 3)
2. Willow St, Sinex to Junipero (PCI 7)
3. Wood St, Sinex to Junipero (PCI 19)
4. Grand Ave, Gibson to Junipero (PCI 10)
5. Pearl St, 8th St to Monterey Ave (PCI 0)

These segments were selected for rehabilitation based on a thorough review of the City's Pavement Management Program, existing road conditions, and in-field observations.

The scope of work included:

- Reconstruction of 39,400 SF of deteriorated pavement
- Construction of 19 driveway approaches for entrance onto roadways and 1 curb ramp
- Reconstruction of 2,850 SF of sidewalk
- Construction of 810 LF of curb and gutter
- Replacement of 2,540 LF of sewer main line
- Reconstruction of 12 manholes

**Benefits:** This project significantly improved road conditions on 5 road segments. None of these road segments have ever received a formal rehabilitation treatment since construction; they are all in a failed state and in dire need of replacement. All these roads have significantly deteriorated and need immediate attention.

While videoing, staff discovered that all of the sewer lines on Locust, Willow, and Wood Street are in a deteriorated state and in need of replacement, from Sinex to Junipero. Additionally, the sewer line on Grand Avenue needs to be replaced from Gibson to Junipero. Between the 4 road segments, 2,540 linear feet of deteriorated sanitary sewer main will be replaced and upsized from 6" vitrified clay pipe to 8" PVC

In conjunction with the roadway and sewer improvements, significant pedestrian improvements had been constructed as part of this project.

**Other Funds Leveraged/Expended:** This project was funded by the General Fund (\$300,00), Measure X (\$536,088), RMRA/SB1 (\$505,049), and the Sewer Fund (\$600,000).

Please note, construction commenced on FY23/24 and was carried forward into FY24/25 to allow for project completion. Construction was deemed complete on November 18, 2024.

Expenditures below are reflective of costs incurred in FY24/25. As noted above, the project commenced in FY23/24 and concluded in FY24/25.

FY24/25 Measure X Expenditures:

- Measure X: \$482,655.55

**Before and After Photos:** Before and after photos are included in Exhibit A.

**PROJECT  
FY24/25 Crack & Slurry Seal (CIP25-02)**

**Project Title:** FY24/25 Crack & Slurry Seal

**Scope of Work:** The City's Pavement Management Program was utilized to identify approximately 559,700 SF of street surface, at various locations across the city, to receive a crack and slurry seal treatment. This included 18 road segments. This cost-effective maintenance treatment allows the City to ensure these roads remain in good condition by preventing rapid pavement deterioration and potholes due to inclement weather.

STREET NAME	LIMITS
ALDER STREET	SINEX TO PINE
DENNETT AVE	17 MILE TO SINEX AVE
8 <sup>TH</sup> STREET	LAUREL TO JUNIPERO
2 <sup>ND</sup> STREET	SINEX TO LAUREL
4 <sup>TH</sup> STREET	LIGHTHOUSE TO EARDLEY
12 <sup>TH</sup> STREET	OCEANVIEW TO LIGHTHOUSE
14 <sup>TH</sup> STREET	JUNIPERO TO GIBSON
CARMEL AVE	LIGHTHOUSE TO PINE
PINE GARDEN LANE	TO CUL-DE-SAC
ACACIA AVE	1 <sup>ST</sup> TO EARDLEY
BRIGGS STREET	JEWELL TO GATE
7 <sup>TH</sup> STREET	LAUREL TO JUNIPERO
9 <sup>TH</sup> STREET	PINE TO SINEX
SEAVIEW AVE	PRESCOTT TO STAURT
GRAND AVE	JUNIPERO TO PINE
ARKWRIGHT COURT	TO CUL-DE-SAC
BALBOA AVE	CORAL TO SEA PALM
SHELL AVE	ASILOMAR TO CORAL
GOVE ACRE AVE	SINEX TO LIGHTHOUSE

**Benefits:** Crack and slurry sealing is a vital maintenance activity that helps preserve the City's roadways against rapid deterioration due to inclement weather. This is a cost-effective maintenance treatment that helps ensure roads in good condition, remain in good condition for years to come. Streets that received the crack and slurry seal treatment were identified via the City's Pavement Management Program, maintenance logs and in-field observations.

**Other Funds Leveraged/Expended:** This project was funded by the City's General Fund (\$200,000) and Measure X Funds (\$200,000). This project commenced in FY24/25 and was carried forward to FY25/26 to allow for completion.

FY24/25 Expenses:

- Measure X: \$5,566.50

**Before and After Photos:** Before and after photos are included in Exhibit A.

## **Attachment 1:** Five-Year Capital Improvement Program

**YEAR 1- FY 25/26**

Project	Description & Phase	Total Cost	Measure X	PCI
<p><b>FY24/25 Street Rehabilitation</b></p>	<p>This project aims to improve the aging road infrastructure network by enhancing the Pavement Condition Index (PCI) on road segments currently in poor or failed condition, addressing aging underground infrastructure, and ensuring compliance with Maintenance of Effort (MOE) requirements.</p> <p>The project will focus on the following road segments:            (1) 19th Street from Sunset to Sinex (PCI 34)            (2) Beacon from Coral to Esplanade (PCI 0)            (3) Alder from Pine to Short (PCI 0)            (4) and potentially the Alleyway between 2nd and 4th Street if there is sufficient funding (PCI 0)</p> <p>These segments have not undergone formal rehabilitation in over 30 years; Three of the roadways are in a failed status. All four segments require comprehensive rehabilitation.</p> <p>Identification of these segments was based on the City's Pavement Management Program and in-field assessments of existing conditions.</p> <p>As part of this project, the underground sewer infrastructure along each of these road segments will be surveyed via video inspection and addressed using funds allocated from the Sewer Fund.</p> <p>Additionally, this project will help ensure the City remains eligible for continued Measure X and Senate Bill 1 (SB1) funding by meeting Maintenance of Effort (MOE) requirements.</p> <p><i>(Phases include engineering and construction and will commence in FY 25/26)</i></p>	<p>\$1,716,065</p>	<p>\$730,000</p>	<p>0-34</p>
<p><b>2025/26 ADA Improvements</b></p>	<p><u>Lovers Point Scope of Work:</u></p> <p>Replace existing ADA ramps and construct new sidewalk at the triangle parking lot to comply with ADA standards. These improvements must be completed by October 31, 2025.</p> <p><u>Prescott Ave Scope of Work:</u></p> <p>Sidewalk infill, repairs, installation of ADA-compliant curb ramps, and upgrades to driveway approaches to meet accessibility standards. These improvements must be</p>	<p>\$450,000</p>	<p>\$250,000</p>	<p>N/A</p>

	completed by December 31, 2025.			
<b>TOTALS:</b>		<b>\$2,116,065</b>	<b>\$980,000</b>	

**YEAR 2 – FY26/27**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Street Rehabilitation/Maintenance</b>	Various street maintenance and rehab treatments per the City's Pavement Management Program  <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
<b>Totals:</b>		<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

**YEAR 3- FY27/28**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Street Rehabilitation/Maintenance</b>	Various street maintenance and rehab treatments per the City's Pavement Management Program  <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
<b>Totals:</b>		<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

**Year 4 – FY28/29**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Street Rehabilitation/Maintenance</b>	Various street maintenance and rehab treatments per the City's Pavement Management Program  <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
<b>Totals:</b>		<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

**Year 5 – FY29/30**

Project	Description & Phase	Total Cost	Measure X	PCI
<b>Street Rehabilitation/Maintenance</b>	Various street maintenance and rehab treatments per the City's Pavement Management Program  <i>(Phases include engineering and construction)</i>	TBD	TBD	TBD
<b>Totals:</b>		<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

**Attachment 2:**  
Pavement Management  
Program Report Letter



**CITY OF PACIFIC GROVE**  
300 Forest Avenue, Pacific Grove, CA 93950

December 22, 2025

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

**RE: Pavement Management Program Annual Report Letter**

The City of Pacific Grove confirms that it has a Pavement Management Program (PMP) that conforms to the criteria established by the Transportation Agency for Monterey County (TAMC) and included in the Measure X Agreement with the Local Agency. An approved PMP must be in place to be eligible for Measure X funds.

In May 2017, the city joined TAMC's regional pavement assessment efforts to obtain a PMP that meets the requirements for continued Measure X funding.

The PMP utilizes a software system developed by:

- Metropolitan Transportation Commission StreetSaver
- Other

The system was updated by Nichols Consulting Engineers (NCE) in 2022 and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction
  - Centerline Miles 65.18
  - Total Lane Miles 121.33
  - Last Update of the inventory December 2022
- Average Pavement Condition Index (PCI) 55
- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

Project	Road Segment	PCI at onset of project	PCI after project completion	Notes
FY23/24 Street Rehabilitation Project	Locust St. (Sinex to Junipero)	3	100	This project commenced in FY23/24 and was completed in FY24/25.
	Willow St. (Sinex to Junipero)	7	100	
	Wood St. (Sinex to Junipero)	19	100	
	Grand Ave (Gibson to Junipero)	10	100	
	Pearl St. (8 <sup>th</sup> to Monterey)	0	100	
FY22/23 Crack & Slurry Seal	12 road segments at various locations	Various	Various	This project commenced in FY22/23 and was completed in FY23/24.
FY24/25 Crack & Slurry Seal	18 road segments at various locations	Various	Various	This project commenced in FY24/25 and was completed in FY25/26.
David Ave Road Rehabilitation	David Ave to Divisedero	48	100	The project commenced in FY22/23 and was carried forward into FY23/24 and FY24/25 and completed in FY 25/26

- Amount of Measure X funds spent to rehabilitate or replace deficient sections for the current year: \$599,605
- Total MOE Eligible Expenditures: \$1,638,166

You may direct any questions regarding the system to Daniel Gho, Public Works Director/Deputy City Manager at (831) 648 – 5722 x 4203 or [dgho@cityofpacificgrove.org](mailto:dgho@cityofpacificgrove.org).

Sincerely,

Signed by:  
  
056C641716ED4E6...

Daniel Gho  
 Public Works Director/Deputy City Manager

**Attachment 3:**  
Before & After Photos

# David Avenue Road Rehab

Before



# David Avenue Road Rehab

Before





# FY 2023/24 Crack and Slurry Seal

Before



# FY 2023/24 Crack and Slurry Seal

After



# FY 2023/24 Street Rehab

Before



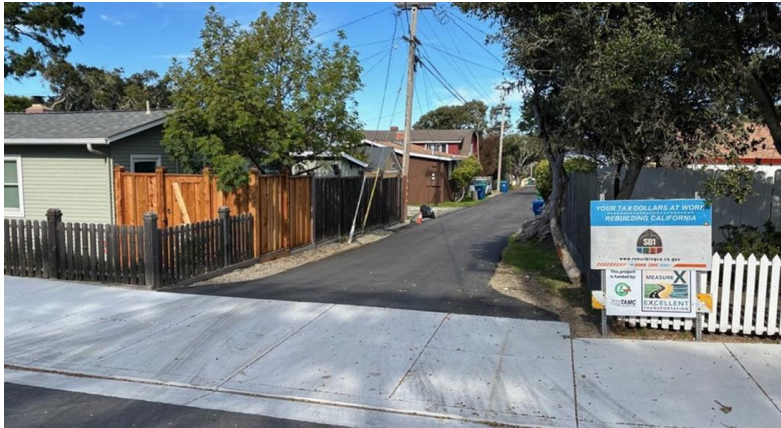
# FY 2023/24 Street Rehab

During Construction



# FY 2023/24 Street Rehab

After



# FY 2024/25 Crack and Slurry Seal

Before



After



Attachment 4  
Audit Report

**City of Pacific Grove  
Transportation Safety and Investment Plan  
Account Fund**

Pacific Grove, California

**Independent Auditor's Reports  
and Financial Statements**

*For the Year Ended June 30, 2025*



**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**For the Year Ended June 30, 2025**  
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## INDEPENDENT AUDITOR'S REPORT



To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
Pacific Grove, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Transportation Safety and Investment Plan Account Fund (the "Fund") of the City of Pacific Grove, California (the "City"), which comprise the balance sheet as of June 30, 2025 and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, 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 Fund as of June 30, 2025, and the respective 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 Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standard applicable to financial audits contained in *Governmental 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 opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management 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, 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.

To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
Pacific Grove, California  
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***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 GAAS and *Government 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 GAAS and *Government 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'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.

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis 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 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.

To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
Pacific Grove, California  
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***Supplementary Information***

Our audit was conducted for the purpose forming an opinion on the financial statements of the Fund. The Supplementary Information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Fund's financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 December 18, 2025, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with the requirements described in the Transportation Agency for Monterey County's ("TMAC") Ordinance No. 2016-01 and in the agreement between TMAC and the City. 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 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 Fund's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California  
December 18, 2025

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## **FINANCIAL STATEMENTS**

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**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Balance Sheet**  
**June 30, 2025**

ASSETS	
Cash and investments	\$ 842,182
Intergovernmental receivable	404,350
Due from other funds	90,431
<b>Total assets</b>	<u><u>\$ 1,336,963</u></u>
<b>LIABILITIES, AND FUND BALANCE</b>	
<b>Liabilities:</b>	
Accounts payable	<u>\$ 43,623</u>
<b>Total liabilities</b>	<u>43,623</u>
<b>Fund Balance:</b>	
Restricted	<u>1,293,340</u>
<b>Total fund balance</b>	<u>1,293,340</u>
<b>Total liabilities, and fund balance</b>	<u><u>\$ 1,336,963</u></u>

**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**For the Year Ended June 30, 2025**

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<b>REVENUES:</b>	
Sales and use tax	\$ 820,135
Investment earnings	<u>35,921</u>
<b>Total revenues</b>	<u>856,056</u>
<b>EXPENDITURES:</b>	
Capital outlay	<u>599,605</u>
<b>Total expenditures</b>	<u>599,605</u>
<b>NET CHANGE IN FUND BALANCE</b>	256,451
<b>FUND BALANCE:</b>	
Beginning of year	<u>1,036,890</u>
End of year	<u>\$ 1,293,341</u>

**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**Note 1 – Summary of 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 (the “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 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 (“TMAC”) was approved on November 8, 2016. The revenue from the Measure X 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 Fund financial statements and related accounting policies of the City conform with accounting principles generally accepted in the United States of America (“US GAAP”) 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 Fund of the City and do not purport to, and do not present, the City’s financial position and changes in financial position. The City’s basic financial statements are available from the Finance Department at City’s address and website.

**A. *Fund Balances***

The Fund reports fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent. Fund balances are categorized as follows:

*Restricted* - This amount indicates the portion of fund balances which has been restricted; a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; b) imposed by law through constitutional provisions or enabling legislation.

The County Council establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Fund Balances (Continued)**

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**B. Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

**Note 2 – Cash**

The City follows the practice of pooling cash and investments for all funds (including the 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 cash and investment is included in the notes to City's basic financial statements.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

- Interest rate risk
- Credit risk
  - Overall
  - Custodial credit risk
  - Concentration of credit risk
- Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

**Note 3 – Amounts Due to City**

At June 30, 2025, the Fund owed \$90,431 to the City for payment of a project using grant funds received from TAMC after the end of the fiscal year.

**Note 4 – Maintenance of Effort**

The Measure X Master Programs Funding Agreement between the City and the TAMC 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 is indexed annually to the Engineering News Record construction index.

The following expenditures were made:

Fiscal year ended June 30:	
2010	\$ 326,756
2011	396,862
2012	<u>720,604</u>
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%
Engineering News Record construction index FY 2022/23	7.34%
Engineering News Record construction index FY 2023/24	4.93%
Engineering News Record construction index FY 2024/25	<u>2.58%</u>
Index-adjusted maintenance of effort requirement	<u>\$ 1,104,188</u>
Current year eligible expenditures	\$ 1,638,166
Compliant (Yes or No)	Yes

Total expenditures from the General Fund for street and highway purposes for the fiscal year ended June 30, 2025 were \$1,638,166 and consisted of salaries and construction costs. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City and the TAMC.

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**SUPPLEMENTARY INFORMATION**

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**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Sales and use tax	\$ 828,000	\$ 828,000	\$ 820,135	\$ (7,865)
Investment earnings	12,000	12,000	35,921	23,921
<b>Total Revenues</b>	<u>840,000</u>	<u>840,000</u>	<u>856,056</u>	<u>16,056</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>930,000</u>	<u>1,757,037</u>	<u>599,605</u>	<u>1,157,432</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (90,000)</u>	<u>\$ (917,037)</u>	256,451	<u>\$ 1,173,488</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,036,890</u>	
End of year			<u>\$ 1,293,341</u>	

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**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***

**Independent Auditor's Report**

To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
Pacific Grove, California

We have audited, 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, the financial statements of the Transportation Safety and Investment Plan Account Fund (the "Fund") of the City of Pacific Grove, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's financial statements, and have issued our report thereon dated December 18, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (the "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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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.

To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
Pacific Grove, California  
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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund'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 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 Fund's internal control over financial reporting. 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 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.

A handwritten signature in black ink that reads "The Perini Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California  
December 18, 2025



**REPORT ON COMPLIANCE WITH TAMC ORDINANCE NO. 2019-01 TRANSPORTATION SAFETY  
AND INVESTMENT PLAN FUND; AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

**Independent Auditor's Report**

To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
City of Pacific Grove, California

**Report on Compliance with TAMC Ordinance No. 2019-01 for Transportation Safety and Investment Plan Fund**

***Opinion***

We have audited the City of Pacific Grove, California's (the "City") compliance with the types of compliance requirements described in Transportation Agency's for Monterey County's (the "TAMC") Ordinance No. 2019-01 and Measure X Master Programs Funding Agreement between TAMC and the City (the "Agreement"), for the year ended June 30, 2025.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Agreement for the year ended June 30, 2025.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and TAMC and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the TAMC. Our audit does not provide a legal determination of the TAMC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Fund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

To the Honorable Mayor and the Members of City Council  
of the City of Pacific Grove  
Pacific Grove, California  
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of TAMC Ordinance No. 2019-01. Accordingly, this report is not suitable for any other purpose.

*The Per Group, LLP*

Santa Ana, California  
December 18, 2025

**City of Pacific Grove**  
**Transportation Safety and Investment Plan Account Fund**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

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**Audit Findings and Questioned Costs**

**A. Current Year Findings and Questioned Costs**

No current year findings were noted.

**B. Prior Year Findings and Questioned Costs**

No prior year findings were noted.