

CITY OF PACIFIC GROVE ANNUAL PROGRAM COMPLIANCE REPORT

Title: Fountain Avenue Repaving Project

Scope of Work: This project consisted of the reconstruction of Fountain from Laurel to Lighthouse and an overlay of the roadway from Laurel to Pine. In addition to reconstructing the roadway, the City reconstructed 600 linear feet of curb and gutter, removed old failing storm drain pipe and replaced the pipe with a cross gutter, reconstructed 400 linear feet of sidewalk, and reconstructed 8 curb ramps, bringing these up to current standards.

Benefits: This project repaired the aging roadway and pedestrian infrastructure on Fountain Avenue from Laurel to Lighthouse Avenue, a heavily trafficked street in Pacific Grove.

CITY OF PACIFIC GROVE - YEAR 2017/18 BALANCE SHEET

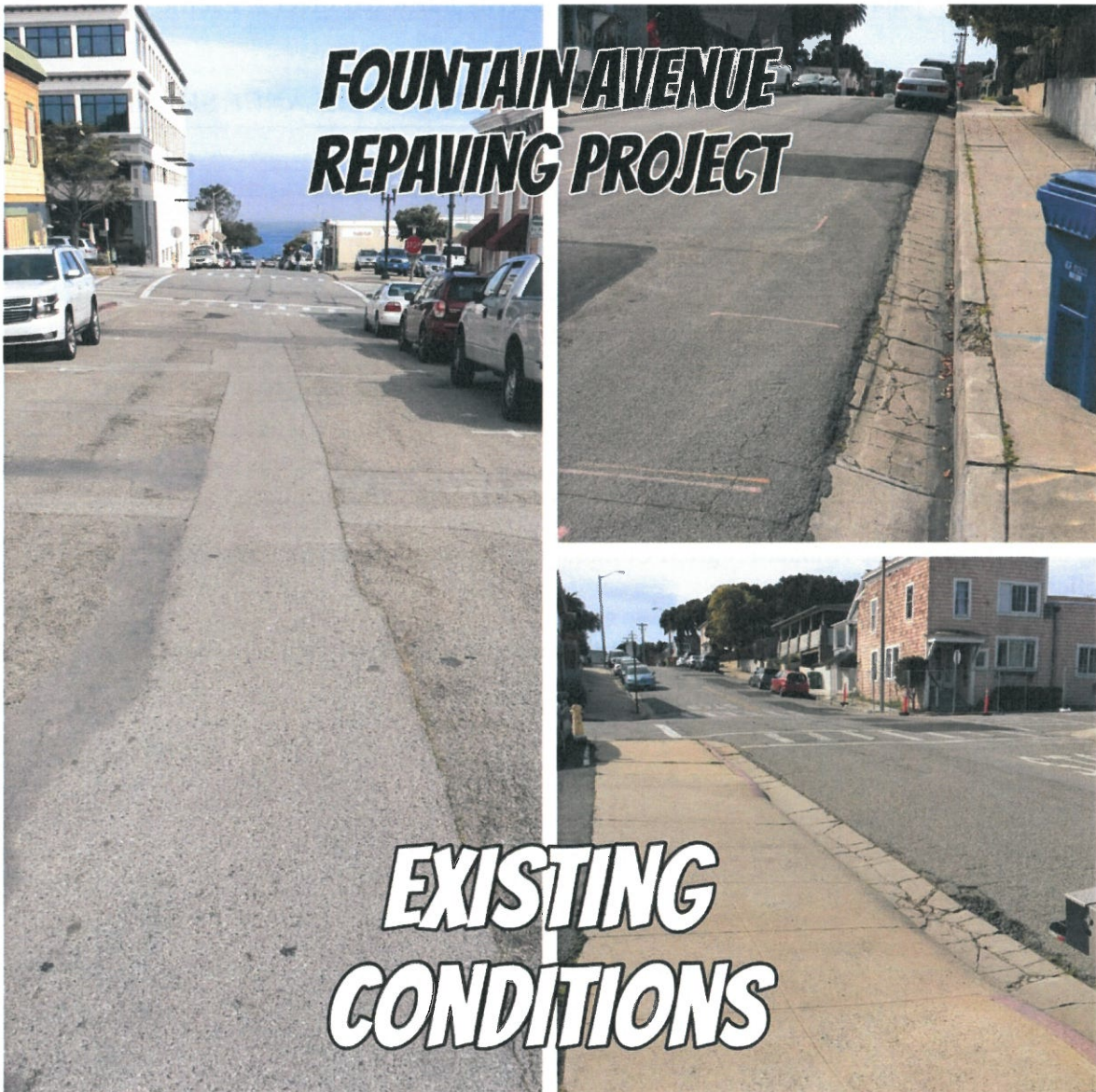
REVENUES	
Carryover from Previous Year	\$84,020
Measure X Revenues	\$415,000
Earning on Interest	\$2,693.38
TOTAL REVENUES:	\$501,713.38
EXPENDITURES	
(Listing of Program Expenditures)	Fountain Avenue Repaving Project*
TOTAL EXPENDITURES:	\$329,824.50
FUND BALANCE, END OF PERIOD:	\$171,888.88

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 4: Maintenance of Effort Report

PHOTOS

Before



During



FOUNTAIN AVENUE REPAVING PROJECT





FY17/18 CIP



FOUNTAIN AVENUE



After



ATTACHMENT 1

Independent Audit of Financial Statements for Measure X Funds, Prior Fiscal Year

City of Pacific Grove
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
43281

	Local Streets and Roads Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 410,000	\$ 410,000	\$ 430,205	\$ 20,205
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	1,153	1,153
Other revenues	-	-	-	-
Total Revenues	410,000	410,000	431,358	21,358
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	410,000	410,000	329,825	80,175
Total Expenditures	410,000	410,000	329,825	80,175
Excess (Deficiency) of Revenues over Expenditures	-	-	101,533	101,533
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	101,533	101,533
Fund Balances Beginning	84,020	84,020	84,020	-
Fund Balances Ending	\$ 84,020	\$ 84,020	\$ 185,553	\$ 101,533

Cont'd

CITY OF PACIFIC GROVE
TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND
WITH INDEPENDENT
AUDITORS' REPORT

JUNE 30, 2018

* * *



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

CITY OF PACIFIC GROVE
Transportation Safety and Investment Plan Account Fund
June 30, 2018

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Pacific Grove
Del Rey Oaks, California

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Pacific Grove' Transportation Safety and Investment Plan Account Fund, as of and for the fiscal year ended June 30, 2018, 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 Pacific Grove's Transportation Safety and Investment Plan Account Fund, as of June 30, 2018, 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 Pacific Grove, as of June 30, 2018, 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.

C & A LLP

April 22, 2019
San Jose, California

City of Pacific Grove

Transportation Safety and Investment Plan Account Fund

Balance Sheet

June 30, 2018

ASSETS

Cash and investments	\$ 201,270
Total assets	\$ 201,270

FUND BALANCE

Liabilities:

Accounts payable	\$ 15,717
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Fund Balance:

Restricted	185,553
Total Liabilities and Fund balance	\$ 201,270

The accompanying notes are an integral part of these financial statements

City of Pacific Grove

Transportation Safety and Investment Plan Account Fund

Statement of Revenues, Expenditures

and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2018

REVENUES

Transportation Safety and Investment Plan Account revenue	\$	430,205
Interest		<u>1,153</u>
Total Revenues		<u>431,358</u>

EXPENDITURES

Capital outlay		<u>329,825</u>
Total Expenditures		<u>329,825</u>

Net Change in Fund Balance	101,533
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Fund Balance Beginning	<u>84,020</u>
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Fund Balance Ending	<u><u>\$ 185,553</u></u>
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The accompanying notes are an integral part of these financial statements

City of Pacific Grove

Transportation Safety and Investment Plan Account Fund

Statement of Revenues, Expenditures, and

Changes in Fund Balance

Budget and Actual (GAAP Basis)

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Transportation Safety and Investment Plan Account revenue	\$ 410,000	\$ 410,000	\$ 430,205	\$ 20,205
Interest	-	-	1,153	1,153
Total Revenues	<u>410,000</u>	<u>410,000</u>	<u>431,358</u>	<u>21,358</u>
EXPENDITURES				
Capital outlay	410,000	410,000	329,825	80,175
Total Expenditures	<u>410,000</u>	<u>410,000</u>	<u>329,825</u>	<u>80,175</u>
Net Change in Fund Balance	-	-	101,533	101,533
Fund Balance Beginning	84,020	84,020	84,020	-
Fund Balance Ending	<u>\$ 84,020</u>	<u>\$ 84,020</u>	<u>\$ 185,553</u>	<u>\$ 101,533</u>

The accompanying notes are an integral part of these financial statements

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Transportation Safety and Investment Plan Account Fund of the City of Pacific Grove (the City) is a governmental fund type. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the Transportation Safety and Investment Plan Account Fund. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Reporting Entity

The 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's basic financial statements are available from the Finance Department at City's address and website.

NOTE 2 – CASH DEPOSITS

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

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City 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,

City of Pacific Grove
Transportation Safety and Investment Plan Account Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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:

Fiscal year ended June 30:	
2015	\$ 285,680
2016	137,023
2017	175,176
Total	<u>\$ 597,879</u>
Three year average	\$ 199,293
Current year eligible expenditures	\$ 250,449
Compliant (Yes or No)	Yes

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2018 was \$250,449. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Pacific Grove and the Transportation Agency for Monterey County.

**OTHER INDEPENDENT
AUDITORS REPORT**



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

City Council
City of Pacific Grove
Del Rey Oaks, California

We have audited the financial statements of the City of Pacific Grove's 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, applicable for the fiscal year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Safety and Investment Plan Account Fund.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City. The Measure X Master Programs Funding Agreement requires that the independent auditor shall perform at least the following tasks: (1) determine whether the recipient expended all Measure X funds received in compliance with Measure X, the Measure X Investment Plan, and the Policies & Project Descriptions, as they may be adopted or amended by TAMC from time to time, and the Agreement, (2) determine whether the Measure X revenues received and expended were accounted for and tracked in its own separate budget and fund titled "Transportation Safety & Investment Plan Account" and were not be comingled with any other funds and that the accounting system provides adequate internal controls and audit trails to facilitate an annual compliance audit for each fund type and the respective usage and application of said funds, and (3) determine whether the City met the Maintenance of Effort requirements imposed by Measure X and State law. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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 Pacific Grove's 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 for the fiscal year ended June 30, 2018.

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.

C & A LLP

April 22, 2019
San Jose, California

**CITY OF PACIFIC GROVE
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR FISCAL YEARS 2017/18– 2022/23**

YEAR 1

Project	Description & Phase	Total Cost	Measure X	PCI
Congress Ave Road Rehabilitation	combination of overlay and road reconstruction, pedestrian walking path, and construction of ADA ramps.	\$1,208,362	\$530,000	60
Totals:		\$1,208,362	\$530,000	

YEAR 2

Project	Description & Phase	Total Cost	Measure X	PCI
TBD. Dependent upon results of County Pavement Management Results. Results needed to properly prioritize maintenance		TBD	TBD	
Totals:		TBD	TBD	

YEAR 3

Project	Description & Phase	Total Cost	Measure X	PCI
TBD. Dependent upon results of County Pavement Management Results. Results needed to properly prioritize maintenance		TBD	TBD	
Totals:		TBD	TBD	

YEAR 4

Project	Description & Phase	Total Cost	Measure X	PCI
TBD. Dependent upon results of County Pavement Management Results. Results needed to properly prioritize maintenance		TBD	TBD	
Totals:		TBD	TBD	

YEAR 5

Project	Description & Phase	Total Cost	Measure X	PCI
TBD. Dependent upon results of County Pavement Management Results. Results needed to properly prioritize maintenance		TBD	TBD	
Totals:		TBD	TBD	

DEFINITIONS OF REQUESTED INFORMATION:

1. **Project:** The title of the project to receive Measure X funding.
2. **Description & Phase:** A general description of the project and the phase (e.g. Environmental; Design; Right-of-Way; or Construction) that will be funded in the given year.
3. **Total Cost:** The total cost of the project.
4. **Measure X:** The amount of Measure X funding that will be expended on the project.
5. **PCI:** The Pavement Condition Index for the roadway, from the local jurisdiction's Pavement Management Program.

ATTACHMENT 2

PAVEMENT MANAGEMENT PROGRAM REPORT



CITY OF PACIFIC GROVE

Public Works Department

2100 Sunset Drive, Pacific Grove, CA 93950

T : 831.648.5722 • www.cityofpacificgrove.org/publicworks

November 27, 2018

To: Todd Muck
Deputy 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 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.

The currently Pavement Management Program utilizes a software system developed by:

☐ Metropolitan Transportation Commission Street Saver

☒ Other: iWorq

The system was updated by iWorq and contains, at a minimum, the following elements:

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

Centerline miles:	55.9
Total lane miles (or equivalent):	120
The last update of the inventory was completed on:	January 2015

- | | |
|--|-----------|
| • Pavement Condition Index | 60 |
| • Identification of sections of pavement needing maintenance, rehabilitation or replacement | 50 |
| • Estimated budget needs to rehabilitate or replace deficient sections for the current year and the next three years | \$900,000 |

The City is also participating in Regional Pavement Management Program. If you have any questions or concerns do not hesitate to contact us.

Sincerely,

Daniel Gho
Public Works Director
City of Pacific Grove

ATTACHMENT 3

MAINTINANCE OF EFFORT REPORT

**CITY OF PACIFIC GROVE
THREE-YEAR MAINTENANCE OF EFFORT REPORT
FOR YEARS FISCAL YEARS 2015/16– 2017/18**

Year 1

Fund Source	Amount	Year
General Fund	\$225,000	FY 15/16
Total Expended on Transportation	\$137,023 for Slurry Project	

Year 2

Fund Source	Amount	Year
General Fund	\$200,000	FY 16/17
Total Expended on Transportation	\$150,000 for Slurry \$34,000 for Alley Reconstruction	

Year 3

Fund Source	Amount	Year
General Fund	\$200,000	FY 17/18
Total Expended on Transportation	\$204,506 expended on Slurry	

Three-Year Average of Transportation Expenditures:

\$ Average 3 year budget: \$208,333
Average 3 year expended: \$125,176

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

 12-12-18