

**CITY OF KING CITY, CALIFORNIA
COUNTY OF MONTEREY**

**FINANCIAL STATEMENT RELATING TO
THE TRANSPORTATION DEVELOPMENT ACT SECTION 99400(A)
FOR STREETS AND ROADS PURPOSES**

Fiscal year ended June 30, 2011

**CITY OF KING CITY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

FINANCIAL STATEMENTS

Fiscal year ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

Transportation Agency for Monterey County
Salinas, California

We have audited the accompanying statement of revenues, expenditures, and changes in unexpended claims for street and road purposes relating to the Transportation Development Act (TDA), Section 99400(a), of the Public Utilities Code, of the City of King City, California (the City), for the fiscal year ended June 30, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statement was prepared to present only the TDA funds referred to above as described in Note 1, and are not intended to be a complete presentation of the financial position of the City of King City, California at June 30, 2011, or the results of its operations for the fiscal year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and changes in unexpended claims for street and road purposes relating to the TDA, Section 99400(a), of the Public Utilities Code, of the City of King City, California for the fiscal year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information and use of the City's management, the Transportation Agency for Monterey County, the State of California Department of Transportation and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Burr Pilger Mayer, Inc.

San Jose, California
August 30, 2012

CITY OF KING CITY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN UNEXPENDED CLAIMS FOR STREET AND ROAD PURPOSES
RELATING TO SECTION 99400(A) OF THE PUBLIC UTILITIES CODE

Fiscal year ended June 30, 2011

Revenue:

Allocations claimed for street and road purposes:

Local Transportation Fund, Section 99400(a)	<u>\$ 128,674</u>
Total revenue	<u>128,674</u>

Expenditures:

Street maintenance	<u>24,596</u>
Total expenditures	<u>24,596</u>

Excess of revenues over expenditures	104,078
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Balance of unexpended (overexpended) TDA claims, beginning of year	<u>(128,674)</u>
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Balance of unexpended (overexpended) TDA claims, end of year	<u><u>\$ (24,596)</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF KING CITY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO THE FINANCIAL STATEMENTS

Fiscal year ended June 30, 2011

1. Summary of Significant Accounting Policies

A) Reporting Entity

The City of King City, California (the City) accounts for its claimed allocations of Transportation Development Act (TDA) Section 99400(a) funds in a separate special revenue fund. Interest income is allocated to this fund if TDA claims are received by the City prior to the expenditures being incurred. TDA claims are received by the City after the expenditures have been incurred (reimbursement basis).

B) Basis of Presentation

The financial statement presented is prepared from select accounts and financial transactions of the TDA Fund of the City of King City, California. The financials statements present the information required to demonstrate the City's compliance with the Transportation Development Act, Section 99400(a), reimbursements for street and road expenditures. Accordingly, they do not present the financial position or the results of operations of the City of King City.

The financial statement is prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other financial resources are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred with certain exceptions.

2. Required Allocations

Regional Transportation Planning claims are controlled by the Transportation Agency for Monterey County (TAMC). South County Transit and Congestion Management Agency planning claims are controlled by TAMC. The claims reduce the balance of Local Transportation Funds held in trust for the City. These amounts are not included in the financial statements of the City.

SUPPLEMENTARY INFORMATION

CITY OF KING CITY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
SCHEDULE OF APPROVED ALLOCATIONS AND CLAIMS PAID BY PROJECT
RELATING TO SECTION 99400(A) OF THE PUBLIC UTILITIES CODE

Fiscal year ended June 30, 2011

	Transportation Agency for Monterey County Approved Allocations	Amount Claimed
Streets and Roads, Section 99400(a):		
Street maintenance	\$ -	\$ -
Maximum approved allocation	\$ -	\$ -

**CITY OF KING CITY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**SCHEDULE OF CUMULATIVE TDA ALLOCATIONS AND CLAIMED EXPENDITURES
RELATING TO SECTION 99400(A) OF THE PUBLIC UTILITIES CODE**

Fiscal year ended June 30, 2011

	<u>Fiscal year June 30, 2011</u>		<u>Cumulative Total - Through June 30, 2011</u>			
	TDA		TDA		Unexpected	
	Allocations		Allocations		TDA	
	<u>Claimed</u>	<u>Expenditures</u>	<u>Claimed</u>	<u>Expenditures</u>	<u>Claims</u>	<u>Project Status</u>
Streets and Roads, Section 99400(a):						
Street maintenance	\$ -	\$ 24,596	\$ 274,343	\$ 298,939	\$ -	Ongoing
	<u>\$ -</u>	<u>\$ 24,596</u>	<u>\$ 274,343</u>	<u>\$ 298,939</u>	<u>\$ -</u>	

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE REQUIREMENTS
APPLICABLE TO THE TRANSPORTATION DEVELOPMENT ACT**

Transportation Agency for Monterey County
Salinas, California

We have examined the City of King City, California's (the City) compliance with Transportation Development Act (TDA) Section 99400(a) requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, regulations of the TDA and the allocation instructions and resolutions of the Transportation Agency for Monterey County as required by Section 6666 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the fiscal year ended June 30, 2011. Section 6666 requires that for a non-transit claimant, the independent auditor shall perform at least the following tasks: (a) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualified purposes, including Public Utilities Code section 99402 for streets and roads claimants and section 99233.3 for claimants under that section for pedestrian and bicycle facilities and bicycle safety education programs; (b) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions; (c) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99301 and 99301.5. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2011.

This report is intended solely for the information and use of the City's management, the Transportation Agency for Monterey County, the State of California Department of Transportation, and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Burr Pilger Mayer, Inc.

San Jose, California
August 30, 2012