

DEL REY OAKS ANNUAL PROGRAM COMPLIANCE REPORT

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

CITYOF DEL REY OAKS/MONTEREY COUNTY - YEAR 2018 BALANCE SHEET

REVENUES	
Carryover from Previous Year	0
Measure X Revenues	\$67,453.00
Earning on Interest	0
TOTAL REVENUES:	\$67,453.00
EXPENDITURES	0
(Listing of Program Expenditures)	
TOTAL EXPENDITURES:	0
FUND BALANCE, END OF PERIOD:	\$67,453.00

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

ATTACHMENT 1: Independent Audit of Financial Statements for Measure X Funds, Prior Fiscal Year

ATTACHMENT 2: Five-Year Capital Improvement Program

ATTACHMENT 3: Pavement Management Program Report

ATTACHMENT 4: Maintenance of Effort Report

ATTACHMENT 1

INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

The City is waiting for the Independent Audit of Financial Statements. As soon as it arrives, we will forward to TAMC.



INDEPENDENT AUDITORS' REPORT

City Council
City of Del Rey Oaks
Del Rey Oaks, California

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Del Rey Oaks' 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 Del Rey Oaks'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 Del Rey Oaks, 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 5, 2019
San Jose, California

City of Del Rey Oaks
Transportation Safety and Investment Plan Account Fund
Balance Sheet
June 30, 2018

ASSETS

Cash and investments	\$ 67,453
Total assets	\$ 67,453

FUND BALANCE

Restricted	\$ 67,543
Total Fund balance	\$ 67,453

The accompanying notes are an integral part of these financial statements

City of Del Rey Oaks
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	\$ 67,453
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EXPENDITURES

Current:

Streets and roads maintenance	-
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Net Change in Fund Balances	67,453
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Fund Balance Beginning	-
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Fund Balance Ending	\$ 67,453
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The accompanying notes are an integral part of these financial statements

City of Del Rey Oaks

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	\$ 62,800	\$ 62,800	\$ 67,453	\$ 4,653
EXPENDITURES				
Current:				
Streets and roads maintenance	-	-	-	-
Net Change in Fund Balance	62,800	62,800	67,453	4,653
Fund Balance Beginning	-	-	-	-
Fund Balance Ending	<u>\$ 62,800</u>	<u>\$ 62,800</u>	<u>\$ 67,453</u>	<u>\$ 4,653</u>

City of Del Rey Oaks
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 Del Rey Oaks (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 Del Rey Oaks
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	\$ 14,819
2016	-
2017	61,043
Total	<u>\$ 75,862</u>
Three year average	\$ 25,287
Current year eligible expenditures	\$ 40,826
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 \$40,826. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Del Rey Oaks 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 Del Rey Oaks
Del Rey Oaks, California

We have audited the financial statements of the City of Del Rey Oaks'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 being commingled 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 Del Rey Oaks'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 5, 2019
San Jose, California

CITY of Del Rey Oaks
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2017-2023

YEAR 1

Project	Description & Phase	Total Cost	Measure X	PCI
Street Reconstruction	Reconstruction of cul-du-sacs along Portola. Design completed, this is construction.	1.2 Million	Loan against future Measure X	Unknown
Totals:				

YEAR 2

Project	Description & Phase	Total Cost	Measure X	PCI
Street Slurry	Slurry City streets phase 2 Design and construction	200,000	100,000	Unknown
Totals:				

YEAR 3

Project	Description & Phase	Total Cost	Measure X	PCI
Street Slurry	Slurry City streets phase 3 Design and construction	100,000	50,000	Unknown
Totals:				

YEAR 4

Project	Description & Phase	Total Cost	Measure X	PCI
Street Slurry	Slurry City streets phase 4 Design and construction	100,000	50,000	Unknown
Totals:				

YEAR 5

Project	Description & Phase	Total Cost	Measure X	PCI
Street Slurry	Slurry City streets phase 5 Design and construction	100,000	50,000	Unknown
Totals:				

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.

PAVEMENT MANAGEMENT PROGRAM REQUIREMENTS

The approved ordinance for the Transportation Safety & Investment Plan (Measure X) outlines the requirements for the use of local road maintenance, pothole repair and safety funds. It includes a requirement for each jurisdiction to have a pavement management program. "Each city and the County of Monterey shall develop, or participate in the development of by TAMC, a pavement management program. They shall submit regular reports on the conditions of their streets, to ensure timely repairs and keep the public informed. Development of the pavement management program by TAMC is eligible to be funded out of this program prior to distribution of funds to the cities and the County."

SYSTEM REQUIREMENTS: In order to receive Measure X funds, the cities and the County shall utilize a pavement management program (PMP) and submit regular reports on the conditions of their streets, to ensure timely repairs and keep the public informed. The pavement management program should utilize an approved software-based tool for analyzing pavement conditions and reports findings on rehabilitation/maintenance strategies based on funding levels. The pavement management program used by the jurisdiction must contain, at a minimum, the following features:

- Store the inventory all roadways within a jurisdiction (in a compatible database with other jurisdictions).
- Assess the condition of the roadways (based on seven distresses and three severity levels).
- Provide the current Pavement Condition Index (PCI) for the roadways (as per ASTM D6433)
- Identify all pavement sections needing maintenance, rehabilitation, or replacement.
- Calculate budget needs for maintenance, rehabilitation or replacement of deficient pavement sections (for the current year and the next three years at various overall condition levels).
- Develop maintenance strategies for the most cost effective level of maintenance or repair appropriate at the time of the inspection.
- Generate pavement management program reports (in various formats).

All jurisdictions must implement and maintain an approved Pavement Management Program ("StreetSaver" or equivalent). The "StreetSaver" Pavement Management Program developed by Metropolitan Transportation Commission (MTC) is the most utilized program in the Bay Area and would be an excellent program for this region as well. The use of the "StreetSaver" Pavement Management Program is recommended (but not required) since it would allow good compatibility between local jurisdictions and also provide regional benefits. Jurisdictions may elect to use an alternative pavement management program provided it meets the above listed minimum requirements and receives written approval from TAMC.

The Agency will assist with the development of an overall pavement management implementation plan for this region with the participation and coordination of all the cities and the county. The Agency recommends the development of a regional system to benefit from a coordinated system. The regional system would be developed collaboratively between local jurisdictions. In order to have a regional database, it is recommended that all agencies utilize a

common pavement management program. This would allow compilation of information on a regional basis. It would also create opportunities for interagency coordination and to guide regional transportation investments and planning.

UPDATE REQUIREMENTS: The jurisdictions must complete the following updates:

- Review and update the pavement information for all roads every two years.
- Pavement conditions must be re-inspected every three years for arterials and collectors.
- Pavement conditions must be re-inspected every six years for residential streets and local/rural roads, unless otherwise approved by TAMC. Pavement condition surveys may be done by either automated or manual inspections, and may be done either individually or in conjunction with another agency. A percentage of the network can be scheduled each year so that the entire network is updated on a regular cycle.

REPORT REQUIREMENTS: All jurisdictions shall submit an annual Pavement Management Program Report Letter to TAMC no later than December 31 of each year the Measure X tax is in effect using the approved report letter format. It shall include all the highlighted information and shall be on local agency letterhead (see attached template).

All jurisdictions shall also participate in the biennial pavement needs survey conducted for the California Statewide Local Streets and Roads Needs Assessment and provide the requested roadway data for their jurisdiction.

Date: December 20, 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 Del Rey Oaks of Monterey County 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 Pavement Management Program utilizes a software system developed by:

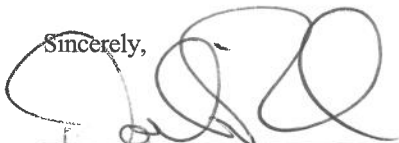
 X Metropolitan Transportation Commission StreetSaver,
_____ Other _____

- Inventory of all existing pavements under the local agency jurisdiction:
 - Centerline miles: 9.6
 - Total lane miles (or equivalent units): 20.5
 - The last update of the inventory was completed on: 6/2018
- Average Pavement Condition Index (PCI) 74
- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

<u>Slurry Seal</u>	<u>PCI</u>
Angelus Way - East End to West End	72 avg
Rosita Rd - Angelus Way to Cul-de-Sac	65 avg
Paloma Rd. - Rosita Rd. to upper Rosita Rd.	53 avg
Via Verde - Paloma Rd. to Los Encinas Dr.	64 avg
Access Rd. - Via Verde to Canyon Del Rey	42
Alta Circle - Los Encinos Dr. to Cul-de-Sac	49
Chiquito Way - Rosita Rd. to Paloma Rd.	49
Durbin Way - Paloma Rd. to Via Verde	50
Portola Dr. - Quendale Ave. to Saucito Ave.	68
Quendale Ave. - Portola Dr. to Carlton Dr.	76
Saucito Ave. - near Work & near Carlton	49
Del Rey Park - Parking Lot	42
<u>Asphalt Concrete Overlay</u>	<u>PCI</u>
Carlton Dr. (ESTATES)	26

- Amount spent to rehabilitate or replace deficient sections for the current year: \$255,161.45

You may direct any questions regarding the system to Sherman Low at 831-624-2110, Neill Engineers, Corp.

Sincerely,


City Manager, Dino Pick

**CITY of Del Rey Oaks
THREE-YEAR MAINTENANCE OF EFFORT REPORT
FOR YEARS 2010 – 2013**

Year 1

Fund Source	Amount	Year
General Fund	50,083	2010-11
Total Expended on Transportation		

Year 2

Fund Source	Amount	Year
General Fund	(3,660)	2011-2012
Total Expended on Transportation		

Year 3

Fund Source	Amount	Year
General Fund	5,000	2012-13
Total Expended on Transportation		

Three-Year Average of Transportation Expenditures:

\$ 17,141.00

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



City Manager

**CITY of Del Rey Oaks
THREE-YEAR MAINTENANCE OF EFFORT REPORT
FOR YEARS 2015-2017**

Year 1

Fund Source	Amount	Year
General Fund	14,819	2014-15
Total Expended on Transportation	14,819	

Year 2

Fund Source	Amount	Year
General Fund	0	2015-16
Total Expended on Transportation	145,946	

Year 3

Fund Source	Amount	Year
General Fund	61,043	2016-17
Total Expended on Transportation	140,407	

Three-Year Average of Transportation Expenditures:

\$ \$25,287

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2018 was \$61,043.00. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City Name and the Transportation Agency for Monterey County.

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



City Manager