

**CITY OF GONZALES
ANNUAL MEASURE X 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.

CITY OF GONZALES 2017/18 FISCAL YEAR BALANCE SHEET

REVENUES	
Carryover from Previous Year	\$0.00
Measure X Loan from TAMC	\$2,500,000.00
Measure X Revenues	\$184,093.28
TOTAL REVENUES:	\$2,684,093.28
EXPENDITURES	
Alta Street Pavement Rehabilitation Project	\$2,500,000.00
Principle on TAMC Loan for Alta Street	\$177,092.49
Interest on TAMC Loan for Alta Street	\$7,000.79
TOTAL EXPENDITURES:	\$2,684,093.28
FUND BALANCE, END OF PERIOD:	\$0

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**

CITY of GONZALES
TRANSPORTATION SAFETY AND INVESTMENT
PLAN ACCOUNT FUND
WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2018

CITY of GONZALES
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND
TABLE OF CONTENTS
June 30, 2018

Independent Auditors' Report	1
Financial Statements:	
Balance Sheet	2
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	3
Notes to Financial Statements	4
Independent Auditors' Compliance Report with TAMC Ordinance No. 2016-01 – Transportation Safety and Investment Plan.....	5

INDEPENDENT AUDITORS' REPORT

City Council
Gonzales, California

We have audited the accompanying financial statements of the City Name 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 Name 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 Name, 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.

CITY OF GONZALES

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Community Development Block Grant	Gas Tax	Measure X	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 966,261	\$ 606,699	\$ -	\$ -	\$ 3,725,654	\$ 5,298,614
Due from other governments	455,282	-	464,100	1,108,696	491,613	2,519,691
Interest receivable	-	958	2	-	6,903	7,863
Due from other funds	2,069,506	-	-	-	-	2,069,506
Notes and loans receivable	-	1,402,458	-	-	836,056	2,238,514
Other assets - deposits	15,746	-	-	-	-	15,746
Total assets	\$ 3,506,795	\$ 2,010,115	\$ 464,102	\$ 1,108,696	\$ 5,060,226	\$ 12,149,934
LIABILITIES						
Accounts payable and accrued expense	\$ 309,880	\$ 6,647	\$ 55,490	\$ -	\$ 372,926	\$ 744,943
Due to other funds	-	-	792,180	1,108,696	168,630	2,069,506
Deposits and other liabilities	178,092	-	-	-	-	178,092
Advances from other funds	594,000	-	-	-	-	594,000
Total liabilities	1,081,972	6,647	847,670	1,108,696	541,556	3,586,541
DEFERRED INFLOWS OF RESOURCES						
Deferred loans	-	1,402,458	-	-	836,056	2,238,514
Total deferred inflows of resources	-	1,402,458	-	-	836,056	2,238,514
FUND BALANCE						
Restricted						
Lighting, landscape & park maintenance	-	-	-	-	1,963,696	1,963,696
Low-income housing activities	-	-	-	-	527,007	527,007
Community development	-	601,010	-	-	827,227	1,428,237
Street improvements	-	-	-	-	294,104	294,104
Public safety	-	-	-	-	104,424	104,424
Committed for contingency reserve	1,000,000	-	-	-	-	1,000,000
Unassigned	1,424,823	-	(383,568)	-	(33,844)	1,007,411
Total fund balance	2,424,823	601,010	(383,568)	-	3,682,614	6,324,879
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,506,795	\$ 2,010,115	\$ 464,102	\$ 1,108,696	\$ 5,060,226	\$ 12,149,934

See accompanying notes:

CITY OF GONZALES

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018

	General	Community Development Block Grant	Gas Tax	Measure X	Other Governmental Funds	Total Governmental Funds
Revenue						
Taxes and assessments	\$ 3,625,699	\$ -	\$ -	\$ -	\$ 539,294	\$ 4,164,993
Licenses, permits and impact fees	408,482	-	-	-	858,782	1,267,264
Intergovernmental	369,012	-	1,320,379	184,093	949,711	2,823,195
Charges for services	672,128	-	-	-	-	672,128
Fines and forfeitures	28,100	-	-	-	-	28,100
Loan repayments	-	323,624	-	-	323,871	647,495
Use of money and property	51,120	13,494	122	-	118,089	182,825
Other	326,388	-	-	-	-	326,388
Total revenue	5,480,929	337,118	1,320,501	184,093	2,789,747	10,112,388
Expenditures						
Current						
General government	674,357	-	-	-	-	674,357
Public safety	2,971,312	-	-	-	606,117	3,577,429
Public works	335,160	4,754	1,144,209	-	280,423	1,764,546
Parks and recreation	952,595	-	-	-	202,512	1,155,107
Community development	242,352	58,705	-	-	292,091	593,148
Capital outlay	249,449	-	1,012,313	2,500,000	1,407,353	5,169,115
Debt Service						
Principal	87,505	-	-	177,092	-	264,597
Interest and fiscal charges	42,135	-	-	7,001	-	49,136
Total expenditures	5,554,865	63,459	2,156,522	2,684,093	2,788,496	13,247,435
Revenue over/(under) expenditures	(73,936)	273,659	(836,021)	(2,500,000)	1,251	(3,135,047)
Other Financing Sources/(Uses)						
Loan proceeds	289,062	-	122,727	2,500,000	-	2,500,000
Transfers in/(out) - net	289,062	-	122,727	2,500,000	(86,523)	325,266
Change in Fund Balance	215,126	273,659	(713,294)	-	(85,272)	(309,781)
Fund Balance						
Beginning of year	2,209,697	327,351	329,726	-	3,767,886	6,634,660
End of year	2,424,823	601,010	(383,568)	-	3,682,614	6,324,879

See accompanying notes.

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 Name 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 Name'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 of Gonzales and the Transportation Agency for Monterey County required that the City must expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the preceding three fiscal years, as reported to the Controller pursuant to Streets and Highways Code section 2151 ("Maintenance of Effort"). For purposes of this calculation, an average of the prior three (3) years spent for local transportation purposes will be used. Exemptions from this calculation include one-time capital expenses, and expiration of any voter-approved fund sources that were used for local transportation purposes. In the case of expired voter-approved fund sources, the three-year average baseline would be recalculated in the next annual verification period without said expired fund sources. Revenues from a fee imposed or contribution first received by a local jurisdiction on or after January 1, 2016 which are used on or after July 1, 2016, by that local jurisdiction for maintenance or improvement purposes on its streets and highways shall be considered as general fund expenditures for the purposes of compliance with the provisions of this Section in the fiscal year in which such expenditures are made. The following eligible expenditures were made:

For the fiscal year ended June 30, 2015:	\$0.00
For the fiscal year ended June 30, 2016:	\$0.00
For the fiscal year ended June 30, 2017:	\$0.00
Three year average of above expenditures:	\$0.00

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2018 was \$0.00.

The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Gonzales and the Transportation Agency for Monterey County.

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

To the Honorable Mayor and City Council
City of Gonzales
Gonzales, California

We have audited the financial statements of the City of Gonzales' 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 of Gonzales 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 of Gonzales. 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 Name Transportation Safety and Investment Plan Account Fund, complied, in all material respects, with the compliance requirements referred to above that are applicable in accordance to the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement between TAMC and the City of Gonzales 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.

ATTACHMENT 2 - FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

**CITY of GONZALES
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2018/19 – 2022/23**

FY 2018/19

Project	Description & Phase	Total Cost	Measure X	PCI
Alta Street Pavement Rehab	Construction	\$5.0 Million	\$2.5 Million	100
Totals:		\$5.0 Million	\$2.5 Million	

Next eight years will be paying back the \$2.5 million loan from TAMC for the Alta Street Pavement Rehabilitation

ATTACHMENT 3 - PAVEMENT MANAGEMENT REPORT



City of Gonzales

P.O. BOX 647
PHONE: (831) 675-5000

147 FOURTH ST.
FAX: (831) 675-2644

GONZALES, CALIFORNIA 93926
www.ci.gonzales.ca.us

December 28, 2018

Maria Orozco
Mayor

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

Liz Silva
Mayor Pro Tem

Subject: Pavement Management Program Annual Report Letter

Dear Todd:

Scott Funk
Councilmember

The City of Gonzales 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.

Paul Miller
Councilmember

The Pavement Management Program utilizes StreetSaver, version 9.0.0 as developed by the Metropolitan Transportation Commission. The Pavement Management Program was prepared by Harris & Associates and contains, at a minimum, the following elements:

Lorraine Worthy
Councilmember

1. Inventory of all existing streets under city jurisdiction:

Centerline miles:	20 miles
Total lane miles (or equivalent units):	20.5 miles
The last update of the inventory was completed:	August 2016

René L. Mendez
City Manager

2. Average Pavement Condition Index (PCI) = 60
3. Identification of sections of roadways brought up to acceptable PCI levels for the current year:

Alta Street was completely reconstructed in 2018 (PCI = 100)
4. Amount spent to rehabilitate or replace deficient sections for the current year = \$5.2 million

Contact me with any questions regarding this information.

Sincerely,

Harold R Wolgamott
Public Works Director

Gonzales will continue to be a safe, clean, family-friendly community, diverse in heritage, and committed to working collaboratively to preserve and retain its small town charm

ATTACHMENT 4 - MAINTENANCE OF EFFORT REPORT

**CITY of GONZALES
THREE-YEAR MAINTENANCE OF EFFORT REPORT
FOR YEARS 2016 – 2018**

Year 1

Fund Source	Amount	Year
Total Expended on Transportation	\$0.00	FY 2015/16

Year 2

Fund Source	Amount	Year
Total Expended on Transportation	\$0.00	FY 2016/17

Year 3

Fund Source	Amount	Year
Total Expended on Transportation	\$0.00	FY 2017/18

Three-Year Average of Transportation Expenditures = \$0.00

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



Harold R Wolgamott, Public Works Director