



## **MEASURE X ANNUAL PROGRAM COMPLIANCE REPORT**

**212 SOUTH VANDERHURST AVENUE**

**KING CITY, CA 93930**

**FISCAL YEAR 2017/18**

**ANNUAL PROGRAM COMPLIANCE REPORT**

**Figure 1: Vivian Drive Before**

**Figure 2: Repaving Vivian Drive**

**City of King FY 2017-18 Balance Sheet**

**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**

## **ANNUAL PROGRAM COMPLIANCE REPORT**

The City of King is actively using its Measure X Funds to improve local streets within the city limits. The City was the first to complete a Measure X project in 2016-17. The project consisted of grinding and repaving Vivian Ave, Carson St and Haven Drive which resulted in a carryover of \$91,629.05. During the 2017-18 fiscal year the City prepared plans and specifications for the 2018 Street Project which consists of grinding and repaving Bishop Street and Bitterwater Road between Airport Drive and the City Limits and the 2018 Slurry Project which consists of crack sealing and a Type 3 slurry application to the Forden Park Neighborhood, Royal Coach Neighborhood, Mildred Avenue, North Vanderhurst Ave north of King Street, Copley Avenue and Orchard Street totaling 905,634 square feet of surface treatment. \$8,116.50 of Measure X funds were used for the Design of these projects. Construction of said projects was completed in 2018-19.

The City participated in a Regional Pavement Management effort under a funding agreement between the Transportation Agency for Monterey County and the City of King. The draft Pavement Management Program deliverable was received by the City on December 19, 2018 and was used to prepare the enclosed Pavement Management Report.

The City continues to use funds to plan, design and implement street projects to improve the City of King's transportation network. Below are before and after pictures showing improvements to King City using Measure X funds.



**Figure 1 Vivian Drive Before**



**Figure 2 Repaving Vivian Drive**

**CITY OF KING – FY 2017-18 BALANCE SHEET**

<b>REVENUES</b>	
Carryover from Previous Year	-\$91,629.05
Measure X Revenues	\$305,106.71
Earning on Interest	\$1,293.52
<b>TOTAL REVENUES:</b>	<b>\$214,771.18</b>
<b>EXPENDITURES</b>	
(Listing of Program Expenditures)	\$8,116.50
Bitterwater/Bishop Grind and Overlay Design	
<b>TOTAL EXPENDITURES:</b>	<b>\$8,116.50</b>
<b>FUND BALANCE, END OF PERIOD:</b>	<b>\$206,654.68</b>

ATTACHMENT 1

INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

**KING CITY**

**TRANSPORTATION SAFETY AND INVESTMENT**

**PLAN ACCOUNT FUND**

**WITH INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2018**

**KING CITY**

**TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND**

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June 30, 2018

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## **INDEPENDENT AUDITORS' REPORT**

City Council

City of King

King City, California

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

**INDEPENDENT AUDITORS' COMPLIANCE REPORT WITH TAMC ORDINANCE NO. 2016-01**

**TRANSPORTATION SAFETY AND INVESTMENT PLAN**

City Council

City of King

King City, California

We have audited the financial statements of the City of King 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 King 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 Name. 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 King 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 King 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.

**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 King 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 of King'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 King 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, 2016:	\$ 0.00
For the fiscal year ended June 30, 2017:	\$ 51,308.89
For the fiscal year ended June 30, 2018:	\$ 92,427.84
Three-year average of above expenditures:	\$ 47,912.24

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2018 was \$8,116.50. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of King and the Transportation Agency for Monterey County.

ATTACHMENT 2

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

**CITY of KING**

**MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**

**FOR YEARS FY 2019-20 – FY 2025-26**

**YEAR 1**

<b>Project</b>	<b>Description &amp; Phase</b>	<b>Total Cost</b>	<b>Measure X</b>	<b>PCI</b>
<b>Broadway Circle/River Drive Resurfacing</b>	Grind and overlay on Broadway Circle and River Drive	\$445,000	\$338,000	
<b>Totals:</b>		<b>\$445,000</b>	<b>\$338,000</b>	

**YEAR 2**

<b>Project</b>	<b>Description &amp; Phase</b>	<b>Total Cost</b>	<b>Measure X</b>	<b>PCI</b>
<b>7th Street/Monte Vista Area Resurfacing</b>	Grind and overlay on 7 <sup>th</sup> Street and other streets in the Monte Vista area	\$450,000	\$346,000	
<b>Totals:</b>		<b>\$450,000</b>	<b>\$346,000</b>	

**YEAR 3**

<b>Project</b>	<b>Description &amp; Phase</b>	<b>Total Cost</b>	<b>Measure X</b>	<b>PCI</b>
<b>North Vanderhurst Avenue and Street Resurfacing</b>	Grind and overlay on North Vanderhurst Avenue and adjacent cross street	\$729,000	\$357,000	
<b>Totals:</b>		<b>\$729,000</b>	<b>\$357,000</b>	

**YEAR 4**

<b>Project</b>	<b>Description &amp; Phase</b>	<b>Total Cost</b>	<b>Measure X</b>	<b>PCI</b>
<b>Willow Road Neighborhood Resurfacing</b>	Resurfacing on streets in the Willow Road Neighborhood area	\$650,000	\$368,000	
<b>Totals:</b>		<b>\$650,000</b>	<b>\$368,000</b>	

**YEAR 5**

<b>Project</b>	<b>Description &amp; Phase</b>	<b>Total Cost</b>	<b>Measure X</b>	<b>PCI</b>
<b>Broadway Street Resurfacing</b>	Resurfacing of Broadway Street	\$812,000	\$380,000	
<b>Totals:</b>		<b>\$812,000</b>	<b>\$380,000</b>	

**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 3

PAVEMENT MANAGEMENT PROGRAM REPORT



December 21, 2018

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 King 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:

Metropolitan Transportation Commission StreetSaver, Latest Version

The system was developed by NCE and contains, at a minimum, the following elements:

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

Centerline miles:	30.7
Total lane miles (or equivalent units):	64.5
The last update of the inventory was completed on:	07/16/2018
  
- Average Pavement Condition Index (PCI) 61
  
- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

None	PCI = N/A
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- Amount spent to rehabilitate or replace deficient sections for the current year:

	\$8,116.50 (design)
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You may direct any questions regarding the system to Octavio Hurtado, City Engineer at 831-386-5927.

Sincerely,

Octavio Hurtado, P.E.  
City Engineer

ATTACHMENT 4

MAINTENANCE OF EFFORT REPORT

**CITY of KING**  
**THREE-YEAR MAINTENANCE OF EFFORT REPORT**  
**FOR YEARS 2015 – 2018**

**Year 1**

<b>Fund Source</b>	<b>Amount</b>	<b>Year</b>
<b>General Fund</b>	0	2015-16
<b>Total Expended on Transportation</b>	<b>0</b>	

**Year 2**

<b>Fund Source</b>	<b>Amount</b>	<b>Year</b>
<b>General Fund</b>	\$51,308.89	2016-17
<b>Total Expended on Transportation</b>	<b>\$51,208.89</b>	

**Year 3**

<b>Fund Source</b>	<b>Amount</b>	<b>Year</b>
<b>General Fund</b>	\$92,427.84	FY 2017-18
<b>Total Expended on Transportation</b>	<b>\$92,427.84</b>	

**Three-Year Average of Transportation Expenditures:**

**\$ \$47,912.24**

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



Octavio Hurado, PE

City Engineer