



MEASURE X ANNUAL PROGRAM COMPLIANCE REPORT

212 SOUTH VANDERHURST AVENUE

KING CITY, CA 93930

FISCAL YEAR 2021/22

ANNUAL PROGRAM COMPLIANCE REPORT

Before and After pictures

City of King FY 2021-22 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. During the 2021-22 fiscal year the City completed the 2021 Slurry Project which consists of crack sealing and a Type 3 slurry application on some or all of the following streets in King City: Willow Street - San Antonio Drive to Mildred Ave, Spruce Drive - Willow Street to Willow Street, Mustang Court - Willow Street to End, Willow Court - Willow Street to End, Windsor Street - King Street to Willow Street, Windsor Circle - Willow Street to End, Wentworth Street - Sandringham St to Windsor Street, Sandringham Street - Sandown Street to Willow Street, Sandown Street - Sandringham St to King Street, Sandown Circle - Sandown Street to End, Wentworth Court - Beach Street to End, Lambourne Court - Mildred Ave to Willow Street, Kings Place – Ellis Street to end. \$218,853.18 of Measure X Funds was allocated to this project in 2021-22.

\$47,382.60 of Measure X funds was allocated to City wide Street Striping, \$14,960.00 was allocated to a Speed Survey at various Streets and \$93,435.00 was allocated to the design of the King City Downtown Bulbout project.

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 Pavement Management Program was updated in December, 2022 and the update 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 Willow Street at San Antonio Drive - Before



Figure 2 Willow Street at San Antonio Drive - After

CITY OF KING – FY 2021-22 BALANCE SHEET

REVENUES	
Carryover from Previous Year	\$469,108
Measure X Revenues	\$562,041
Earning on Interest	\$207
TOTAL REVENUES:	\$1,031,356
EXPENDITURES	
Streets and Road Maintenance/Design	\$13,710
Capital Outlay – Improvements (N 2 nd St)	\$374,630
TOTAL EXPENDITURES:	\$388,340
FUND BALANCE, END OF PERIOD:	\$643,016

ATTACHMENT 1

INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

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

JUNE 30, 2022

CITY OF KING
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

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JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of King
City of King, California

Opinion

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, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Safety and Investment Plan Account Fund of the City of King, California, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of King, California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, California, as of June 30, 2022, the changes in its financial position for the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of King, California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink, appearing to be 'Meredith J. [unclear]', written in a cursive style.

December 21, 2022

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

BALANCE SHEET

JUNE 30, 2022

ASSETS

Cash and investments	\$ 507,929
Accounts receivable	150,032
Interest receivable	<u>125</u>
Total assets	<u>658,086</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>15,070</u>
Total Liabilities	<u>15,070</u>

Fund Balance:

Restricted	<u>643,016</u>
Total Fund Balance	<u>643,016</u>

Total Liabilities and Fund Balance	<u>\$ 658,086</u>
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CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE JUNE 30, 2022

REVENUES

Transportation Safety and Investment Plan Account revenue	\$ 562,041
Use of money and property	<u>207</u>
Total revenues	<u>562,248</u>

EXPENDITURES

Streets and roads maintenance	13,710
Capital outlay	<u>374,630</u>
Total Expenditures	<u>388,340</u>
Net change in fund balance	173,908
Fund balance, beginning of fiscal year	<u>469,108</u>
Fund balance, end of fiscal year	<u>\$ 643,016</u>

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL JUNE 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Transportation Safety and Investment Plan Account revenue	\$ 432,329	\$ 562,041	\$ 129,712
Use of money and property	-	207	207
Total revenues	<u>432,329</u>	<u>562,248</u>	<u>129,919</u>
EXPENDITURES			
Streets and roads maintenance	20,000	13,710	6,290
Capital outlay	<u>412,329</u>	<u>374,630</u>	<u>37,699</u>
Total Expenditures	<u>432,329</u>	<u>388,340</u>	<u>43,989</u>
Net change in fund balance	-	173,908	173,908
Fund balance, beginning of fiscal year	<u>469,108</u>	<u>469,108</u>	-
Fund balance, end of fiscal year	<u>\$ 469,108</u>	<u>\$ 643,016</u>	<u>\$ 173,908</u>

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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 (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 of King’s basic financial statements are available from the Finance Department at 212 South Vanderhurst Avenue, King City, California 93930 and at www.kingcity.com.

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.

CITY OF KING

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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, 2019:	\$ 89,113
For the fiscal year ended June 30, 2020:	\$ 113,217
For the fiscal year ended June 30, 2021:	\$ 40,048
Three year average of above expenditures:	\$ 80,793

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2022 was \$278,812. 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.

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

Honorable Mayor and City Council
City of King
King, 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, 2022.

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

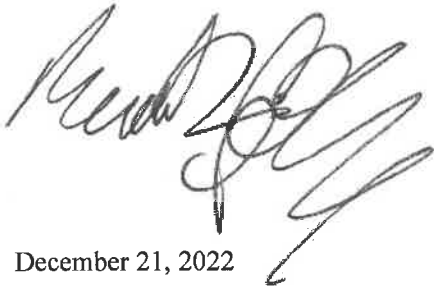
Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City of King. 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, 2022.

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.

A handwritten signature in black ink, appearing to be "Meredith J. [unclear]", written in a cursive style.

December 21, 2022

ATTACHMENT 2

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

CITY of KING

MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

FOR YEARS FY 2021-22 – FY 2025-26

YEAR 1 (2022-23)

Project	Description & Phase	Total Cost	Measure X	PCI
Broadway Circle/River Drive Resurfacing	Grind and overlay: Broadway (San Antonio-River)	\$849,121	\$432,329	35
	Broadway Circle (River Dr-End)			26
Totals:		\$849,121	\$432,329	

YEAR 1 (2022-23)

Project	Description & Phase	Total Cost	Measure X	PCI
7th Street/Monte Vista Area Resurfacing	Grind and overlay: 7 th Street (Bassett St-Division)	\$867,450	\$446,271	0
	Monte Vista (Reich-Talbot)			26
	Reich St (Canal-San Lorenzo)			53
	Talbot St (Canal St-Mildred St)			29
	Lucket St(Mildred-San Lorenzo)			33
	S San Lorenzo (Pearl-Division)			40
Totals:		\$867,450	\$446,271	

YEAR 2 (2023-24)

Project	Description & Phase	Total Cost	Measure X	PCI
Division Street/Colins Street Resurfacing	Grind & Overlay: Division Street (Canal St – Vanderhurst Ave)	\$911,181	\$459,659	24
	Division Street (Vanderhurst Ave– First St)			24
	Collins St (N 3 rd St – Patterson St)			39
Totals:		\$911,181	\$459,659	

YEAR 3 (2024-25)

Project	Description & Phase	Total Cost	Measure X	PCI
Metz Road Resurfacing	Grind & Overlay: Metz Road (City Limits – Bitterwater Road)	\$1,000,184	\$487,652	28
Totals:		\$1,000,184	\$487,652	

YEAR 4 (2025-26)

Project	Description & Phase	Total Cost	Measure X	PCI
Broadway Street Resurfacing Phase 1	New Street and Sidewalk improvements along Broadway Street: Broadway (San Antonio-Canal)	\$955,421	\$516,911	37 46
Totals:		\$955,421	\$516,911	

YEAR 5 (2026-27)

Project	Description & Phase	Total Cost	Measure X	PCI
Broadway Street Resurfacing Phase 2	New Street and Sidewalk improvements along Broadway Street: Broadway (Canal – Russ St)	\$1,012,746	\$547,925	37 46
Totals:		\$1,012,746	\$516,911	

ATTACHMENT 3

PAVEMENT MANAGEMENT PROGRAM REPORT



December 28, 2022

Todd Muck

Deputy Executive Director

Transportation Agency for Monterey County

55-B Plaza Circle

Salinas, CA 93901

Re: Pavement Management Program Annual Report

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. Staff participated in 8-hour training program administered through TAMC. The City had their street's pavement condition inspected in 2022 to update their Pavement Condition Index. The index is 61, the same as it was in 2018. This shows the City is using available funds to maintain the condition of its streets, preventing the natural deterioration of its street network.

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
Previous update of the inventory was completed on:	07/16/2018
The last update of the inventory was completed on:	December, 2022

- Average Pavement Condition Index (PCI) 61
- Identification of sections of roadways brought up to acceptable PCI levels for the current year:

<u>Road Section</u>	<u>PCI before</u>	<u>PCI after</u>
(Type 3 Slurry Seal)		
Willow Street (San Antonio Drive to Mildred Ave)	27	70
Spruce Drive – (Willow Street to Willow St)	65	74
Mustang Court – (Willow Street to End)	77	76
Willow Court – (Willow Street to End)	83	92
Windsor Street – (King Street to Willow St)	76	85
Windsor Circle – (Willow Street to End)	69	78
Wentworth Street – (Sandringham St to Windsor St)	39	70
Sandringham Street – (Sandown Street to Willow St)	32	32
Sandown Street – (Sandringham St to King St)	86	95
Sandown Circle – (Sandown Street to End)	90	99
Wentworth Court – (Beach Street to End)	54	63
Lambourne Court – (Mildred Ave to Willow St)	29	38
Kings Place – (Ellis Street to end)	37	46

Amount spent to rehabilitate or replace deficient sections for the current year:

<u>Slurry Seal (Type 3)</u>	<u>\$218,853.18</u>
Total:	\$218,853.18

Please contact me if you have any questions regarding this annual report or our pavement management program.

Sincerely,

Octavio Hurtado

Octavio Hurtado, P.E.

City Engineer

ATTACHMENT 4

MAINTENANCE OF EFFORT REPORT

CITY of KING
THREE-YEAR MAINTENANCE OF EFFORT REPORT
FOR YEARS 2018 – 2021

Year 1 (2018/2019)

Fund Source	Amount	Year
General Fund	\$89,113	2018-19
Total Expended on Transportation	\$89,113	

Year 2 (2019/2020)

Fund Source	Amount	Year
General Fund	\$113,217	2019-20
Total Expended on Transportation	\$113,217	

Year 3 (2020/2021)

Fund Source	Amount	Year
General Fund	\$40,048	2020-21
Total Expended on Transportation	\$40,048	

Three-Year Average of Transportation Expenditures: \$80,793

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

Octavio Hurtado

Octavio Hurtado, PE

Public Works Director/City Engineer