



**CITY OF SOLEDAD
MONTEREY COUNTY, CALIFORNIA**

**ANNUAL PROGRAM COMPLIANCE REPORT
FISCAL YEAR 2019/2020**

Prepared: December 29, 2020

ANNUAL PROGRAM COMPLIANCE REPORT

In previous year, the City of Soledad has banked its share of Measure X funds towards the Planning, Design and Construction of the Pinnacles Parkway Project that will connect Los Coches Road over the Union Pacific Railroad (UPRR) to Metz Rd/SR 146. The Pinnacles Parkway Project has been identified in the 2005 Soledad General

Plan as one of the improvement projects to the circulation system necessary to meet the present and future needs of the City. Current Measure X expenditures have been towards the first phase of the project that includes base mapping, property owner engagement and appraisals, Williamson Act review, determining ultimate Right of Way and road cross-sections, engaging with the California Public Utilities Commission (CPUC) regarding the proposed railroad crossing, and California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA) compliance.

The Pinnacles Parkway Project has encountered challenges that have rendered the Project unfeasible for the near term and the City needs additional funds to complete regular street maintenance projects for the upcoming years. **The City intends to use available funds and future revenues to meet its maintenance needs as shown on the updated CIP list attached to this report.**

CITY OF SOLEDAD - YEAR 2019 BALANCE SHEET EXAMPLE

REVENUES	
Carryover from Previous Year	\$1,170,578
Measure X Revenues	\$585,071
Earning on Interest	\$8,502
TOTAL REVENUES:	\$1,764,151
EXPENDITURES	
Pinnacles Parkway Environmental/Planning	\$13,956
TOTAL EXPENDITURES:	\$13,956
FUND BALANCE, END OF PERIOD:	\$1,750,195

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 1

INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

CITY OF SOLEDAD
TRANSPORTATION SAFETY AND
INVESTMENT PLAN ACCOUNT FUND
WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2020

CITY OF SOLEDAD
TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the City of Soledad Transportation Safety and Investment Plan Account Fund, as of and for the fiscal year ended June 30, 2020, 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 Soledad Transportation Safety and Investment Plan Account Fund, as of June 30, 2020, 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 Soledad, as of June 30, 2020, 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.

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

December 7, 2020

CITY OF SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

BALANCE SHEET

JUNE 30, 2020

ASSETS

Cash and investments	\$ 1,596,291
Accounts receivable	144,184
Interest receivable	<u>1,218</u>
Total assets	<u>1,741,693</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>

Fund Balance:

Restricted	<u>1,741,693</u>
Total Fund Balance	<u>1,741,693</u>

Total Liabilities and Fund Balance	<u><u>\$ 1,741,693</u></u>
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CITY OF SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE JUNE 30, 2020

REVENUES

Transportation Safety and Investment Plan Account revenue	\$ 576,569
Use of money and property	<u>8,502</u>
Total revenues	<u>585,071</u>

EXPENDITURES

Streets and roads maintenance	11,106
Capital outlay	<u>2,850</u>
Total Expenditures	<u>13,956</u>
Net change in fund balance	571,115
Fund balance, beginning of fiscal year	<u>1,170,578</u>
Fund balance, end of fiscal year	<u>\$ 1,741,693</u>

CITY OF SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL JUNE 30, 2020

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Transportation Safety and Investment Plan Account revenue	\$ 578,074	\$ 576,569	\$ (1,505)
Use of money and property	<u>-</u>	<u>8,502</u>	<u>8,502</u>
Total revenues	<u>578,074</u>	<u>585,071</u>	<u>6,997</u>
EXPENDITURES			
Streets and roads maintenance	-	11,106	(11,106)
Capital outlay	<u>578,074</u>	<u>2,850</u>	<u>575,224</u>
Total Expenditures	<u>578,074</u>	<u>13,956</u>	<u>564,118</u>
Net change in fund balance	-	571,115	571,115
Fund balance, beginning of fiscal year	<u>1,170,578</u>	<u>1,170,578</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 1,170,578</u>	<u>\$ 1,741,693</u>	<u>\$ 571,115</u>

CITY OF SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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 Soledad (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 Soledad’s basic financial statements are available from the Finance Department at 248 Main Street, Soledad, California 93960 and at www.cityofsoledad.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 SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3 – MAINTENANCE OF EFFORT

The Measure X Master Programs Funding Agreement between the City of Soledad 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, 2017:	\$ -
For the fiscal year ended June 30, 2018:	\$ -
For the fiscal year ended June 30, 2019:	\$ -
Three year average of above expenditures:	\$ -

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2020 was \$0. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Soledad 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 Soledad
Soledad, California

We have audited the financial statements of the City of Soledad 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 Soledad applicable for the fiscal year ended June 30, 2020.

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

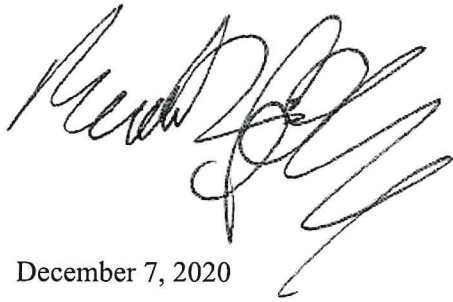
Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City of Soledad. 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 Soledad 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 Soledad for the fiscal year ended June 30, 2020.

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 7, 2020

ATTACHMENT 2

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

CITY of SOLEDAD
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2020/21 – 2024/25

YEAR 1

Project	Description & Phase	Total Cost	Measure X	PCI
20/21-01	Front St. repair maintenance	1.1M	1.1M	67
20/21-02	Slurry seal North of Gabilan	400,000	400,000	72
20/21-03	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		1,540,000	1,540,000	

YEAR 2

Project	Description & Phase	Total Cost	Measure X	PCI
21/22-01	Maintenance project	500,000	500,000	TBD
21/22-02	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		540,000	540,000	

YEAR 3

Project	Description & Phase	Total Cost	Measure X	PCI
22/23-01	Maintenance project	500,000	500,000	TBD
22/23-02	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		540,000	540,000	

YEAR 4

Project	Description & Phase	Total Cost	Measure X	PCI
23/24-01	Maintenance project	500,000	500,000	TBD
23/24-02	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		540,000	540,000	

YEAR 5

Project	Description & Phase	Total Cost	Measure X	PCI
24/25-01	Maintenance project	500,000	500,000	TBD
24/25-02	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		540,000	540,000	

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.

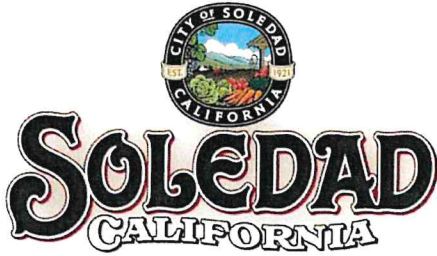
3. Total Cost: The total cost of the project.

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



Date: December 29, 2020

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 Soledad 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 Payment 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, Online Latest Edition

The system was updated by Yamabe & Horn Engineering, Inc. and contains at a minimum the following elements:

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

Centerline miles	35.7
Total lane miles (or equivalent units):	71.4
The last update of the inventory was completed on:	12/22/2020

- Average Pavement Condition Index (PCI) 74

- 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:

\$13,956 (Planning /Design)

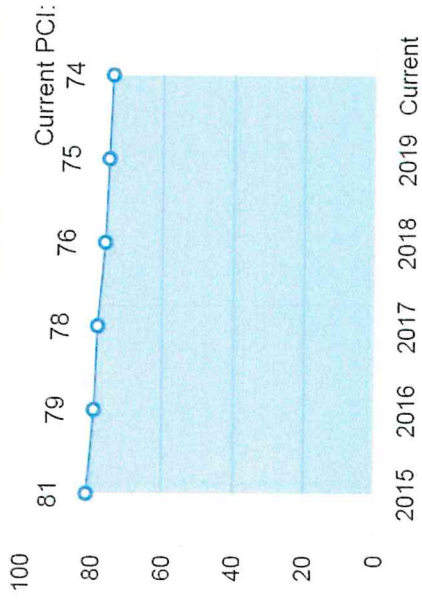
You may direct any questions regarding the system to Oscar Antillon at 831-223-5173 or via email at oantillon@cityofsoledad.com.

Sincerely,

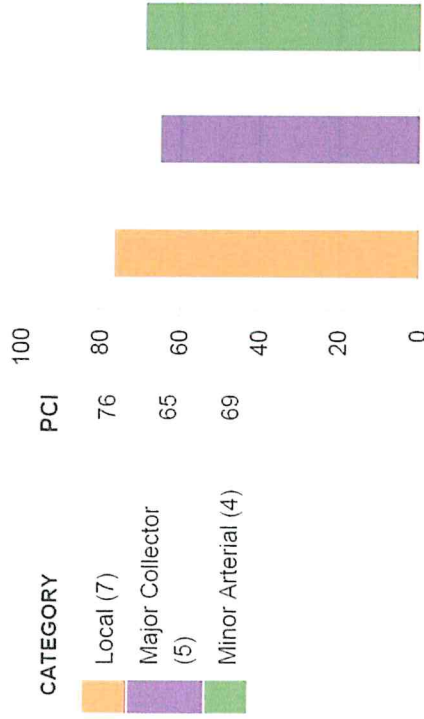
Brent Slama
Interim City Manager

Pavement Area (square miles): 0.28 | Centerline Miles: 35.7 | Lane Miles: 71.39 | Sections: 409

Historical Pavement Condition Trends



Current PCI by: Functional Class

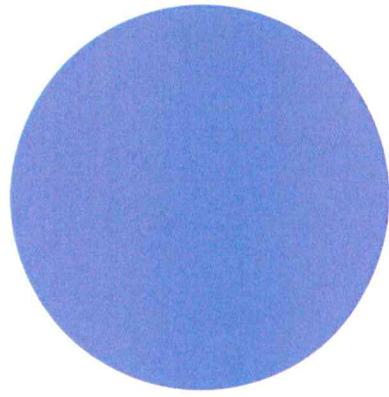


*Current PCI

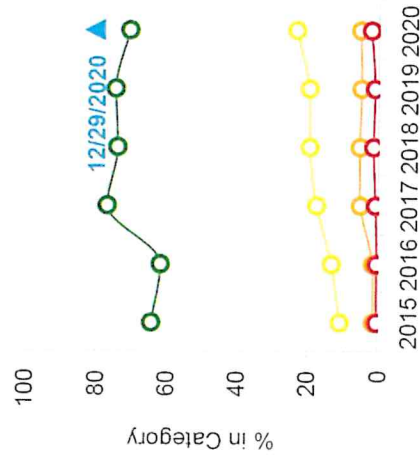


Percent of Area by: Surface Type

Show Legend



Historical Network Condition Trends



Remaining Service Life (years)

