



**CITY OF SOLEDAD
MONTEREY COUNTY, CALIFORNIA**

**ANNUAL PROGRAM COMPLIANCE REPORT
FISCAL YEAR 2021/2022**

Prepared: December 22, 2022

ANNUAL PROGRAM COMPLIANCE REPORT

The City of Soledad has implemented and operating a successful cost-share program to assist the City property owners in repairing or replacing old and or damaged sidewalks. This program will continue to operate in the next fiscal year of 2022-2023 in attempt to further help City property owners.

Additionally, in order to provide a safer and friendlier environment for business owners and pedestrians along Front St., the City of Soledad has come up with a plan to provide street rehabilitation in the Fiscal Year of 2022-2023. Front St. shall be analyzed to identify the most troublesome areas, addressing common street issues such as but not limited to cracks, potholes and rutting. Damaged areas may include sidewalk and driveways.

CITY OF SOLEDAD – FISCAL YEAR 2020-2021 BALANCE SHEET

REVENUES	
Carryover from Previous Year	\$2,407,688.75
Measure X Revenues	\$859,869.27
Earning on Interest	\$2,484.54
TOTAL REVENUES:	\$862,353.81
EXPENDITURES	
Streets and Road Maintenance	\$102,121.99
Capital Projects	\$35,564.64
TOTAL EXPENDITURES:	\$137,686.63
FUND BALANCE, END OF PERIOD:	\$3,132,335.93

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, 2022

CITY OF SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND

TABLE OF CONTENTS

JUNE 30, 2022

Independent Auditors' Report	1 – 2
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	5
Notes to Financial Statements	6 – 7
Independent Auditors' Compliance Report with TAMC	
Ordinance No. 2016-01 – Transportation Safety and Investment Plan	8 – 9

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 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 Soledad, 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 Soledad, 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 Soledad, 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.

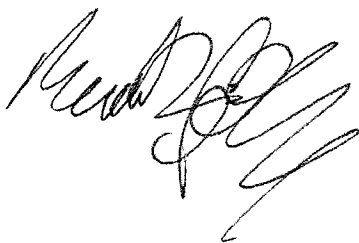
Auditor's Responsibilities for the Audit of the Financial Statements

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 Soledad, 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 "Kendall J. [unclear]", written in a cursive style.

December 21, 2022

CITY OF SOLEDAD

TRANSPORTATION SAFETY AND INVESTMENT PLAN ACCOUNT FUND BALANCE SHEET JUNE 30, 2022

ASSETS

Cash and investments	\$ 2,908,137
Accounts receivable	223,233
Interest receivable	<u>966</u>
Total assets	<u>3,132,336</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>
Fund Balance:	
Restricted	<u>3,132,336</u>
Total Fund Balance	<u>3,132,336</u>
Total Liabilities and Fund Balance	<u>\$ 3,132,336</u>

CITY OF SOLEDAD

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	\$ 836,280
Intergovernmental	23,589
Use of money and property	<u>2,485</u>
Total revenues	<u>862,354</u>

EXPENDITURES

Streets and roads maintenance	102,123
Capital outlay	<u>35,565</u>
Total Expenditures	<u>137,688</u>
Net change in fund balance	724,666
Fund balance, beginning of fiscal year	<u>2,407,670</u>
Fund balance, end of fiscal year	<u>\$ 3,132,336</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, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Transportation Safety and Investment Plan Account revenue	\$ 509,706	\$ 836,280	\$ 326,574
Intergovernmental	-	23,589	23,589
Use of money and property	<u>5,000</u>	<u>2,485</u>	<u>(2,515)</u>
Total revenues	<u>514,706</u>	<u>862,354</u>	<u>347,648</u>
EXPENDITURES			
Streets and roads maintenance	25,000	102,123	(77,123)
Capital outlay	<u>1,500,000</u>	<u>35,565</u>	<u>1,464,435</u>
Total Expenditures	<u>1,525,000</u>	<u>137,688</u>	<u>1,387,312</u>
Net change in fund balance	(1,010,294)	724,666	1,734,960
Fund balance, beginning of fiscal year	<u>2,407,670</u>	<u>2,407,670</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 1,397,376</u>	<u>\$ 3,132,336</u>	<u>\$ 1,734,960</u>

CITY OF SOLEDAD

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 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, 2022

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, 2019:	\$ -
For the fiscal year ended June 30, 2020:	\$ -
For the fiscal year ended June 30, 2021:	\$ -
Three year average of above expenditures:	\$ -

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2022 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, 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

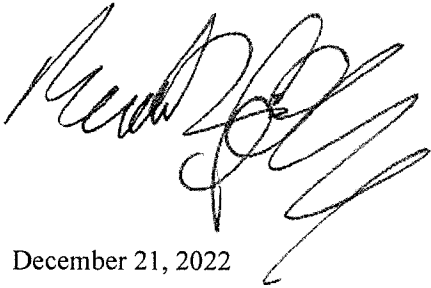
Our responsibility is to express an opinion on the City's compliance based on our audit in accordance with the compliance requirements described in the Transportation Agency for Monterey County's (TAMC) Ordinance No. 2016-01 and in the Measure X Master Programs Funding Agreement (the Agreement) between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

December 21, 2022

ATTACHMENT 2

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

CITY OF SOLEDAD
MEASURE X FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2022/23 – 2026/27

YEAR 1

Project	Description & Phase	Total Cost	Measure X	PCI
22/23-01	Street Rehabilitation – Slurry Seal	800,000	800,000	71
22/23-02	Front Street Rehabilitation	2.26M	2.26M	71
22/23-03	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		3,100,000	3,100,000	

YEAR 2

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 3

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:		Totals:	540,000	540,000

YEAR 4

Project	Description & Phase	Total Cost	Measure X	PCI
25/26-01	Maintenance project	500,000	500,000	TBD
25/26-02	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		Totals:	540,000	540,000

YEAR 5

Project	Description & Phase	Total Cost	Measure X	PCI
26/27-01	Maintenance project	500,000	500,000	TBD
26/27-02	Sidewalk repair cost share	40,000	40,000	N/A
Totals:		Totals:	540,000	540,000

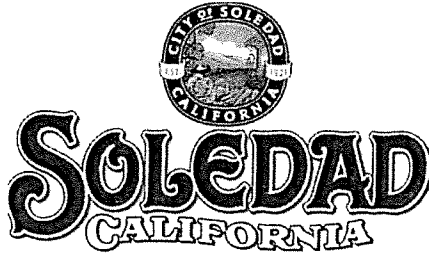
DEFINITIONS OF REQUESTED INFORMATION:

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 22, 2022

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 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, Online Latest Edition

The system was last updated by Yamabe & Horn Engineer, Inc. After this reporting year, Pavement Engineering Inc. shall proceed to update and handle our Pavement Management Program. This program contains, at a minimum, the following elements:

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

Centerline miles:	35.76
Total lane miles (or equivalent units):	71.51
The last update of the inventory was completed on:	11/13/2022

- Average Pavement Condition Index (PCI) 71

None PCI = N/A

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

\$102,121.99 (Streets and Roads Maintenance)
\$35,564.64 (Capital Projects)

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

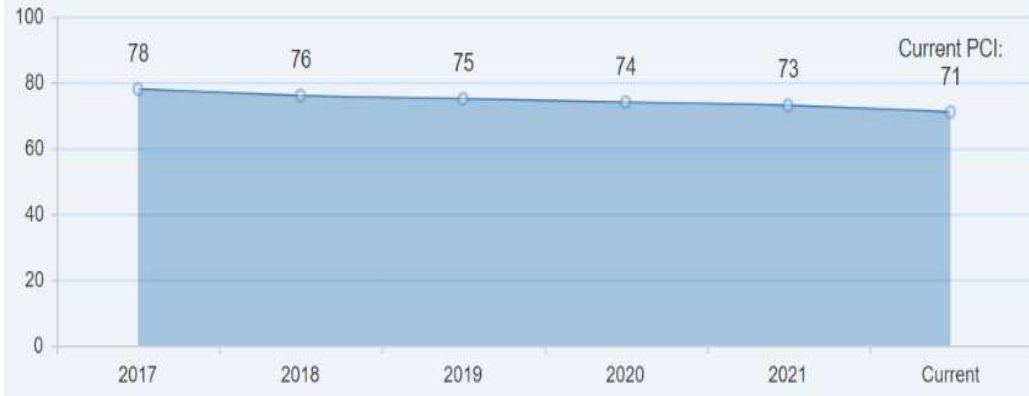
Sincerely,

Brent Slama
City Manager

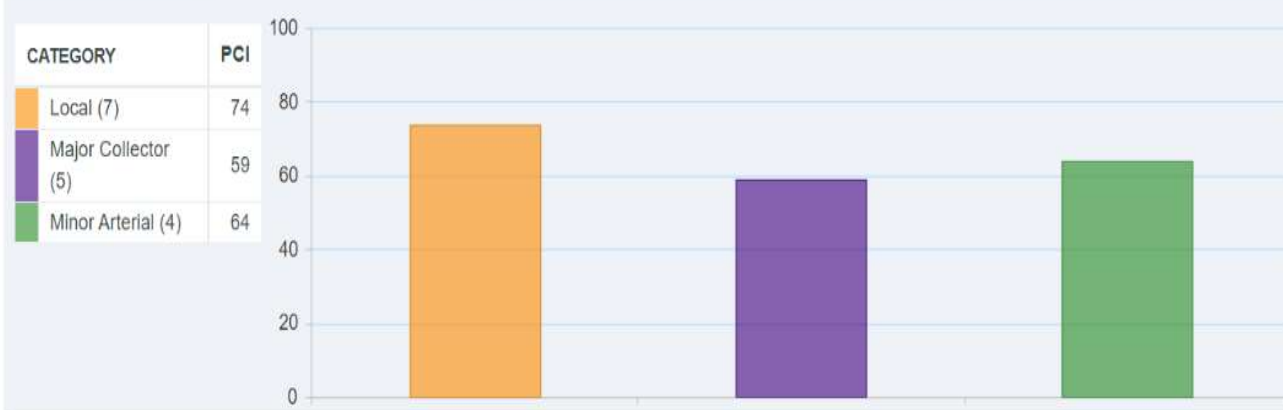
Executive Dashboard

Pavement Area (square miles): **0.28** | Centerline Miles: **35.76** | Lane Miles: **71.51** | Sections: **412**

Historical Pavement Condition Trends



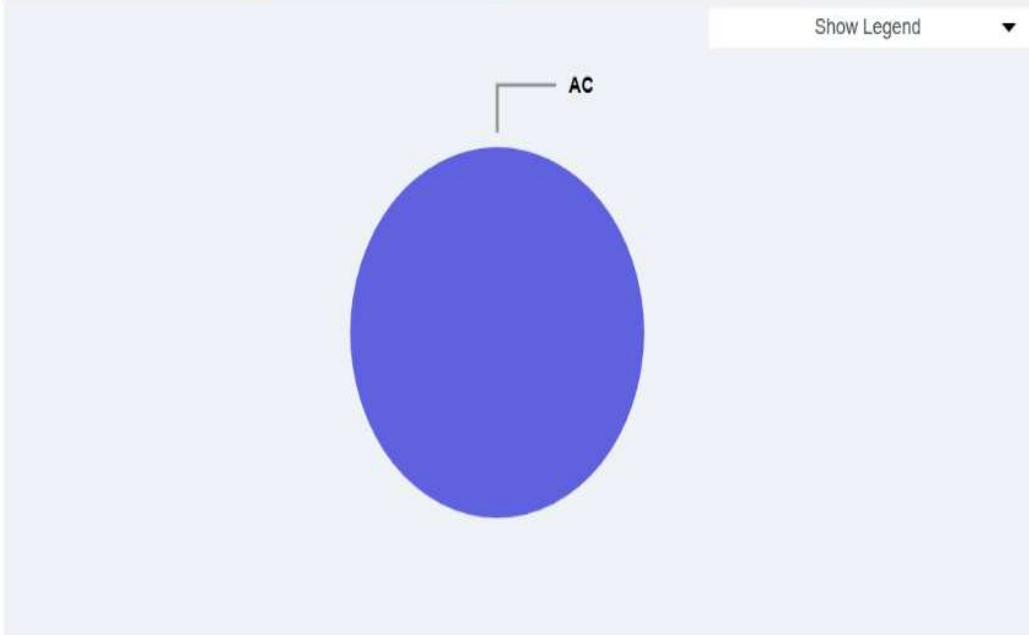
Current PCI by: Functional Class



*Current PCI



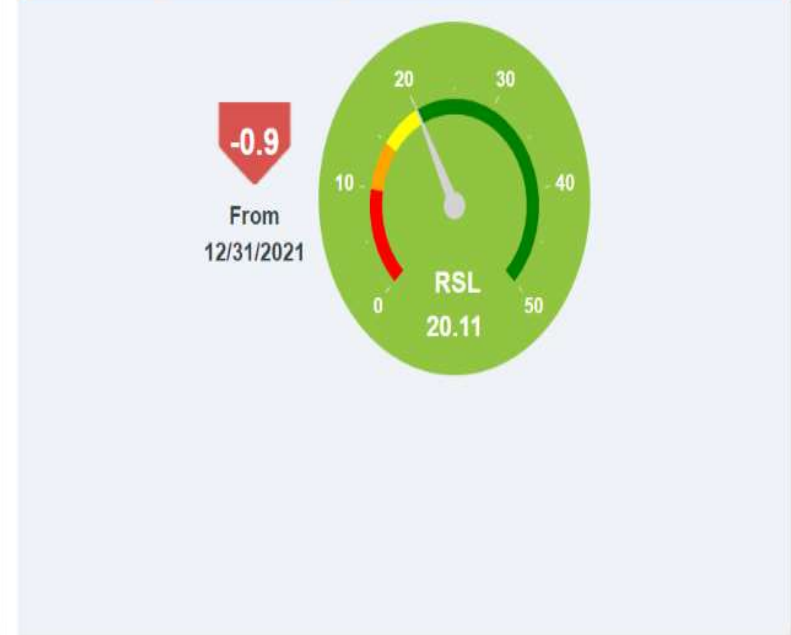
Percent of Area by: Surface Type



Historical Network Condition Trends



Remaining Service Life (years)



DISCLAIMER: For display purposes only, graphs with an asterisk () show Condition Category colors based on default PCI Breakpoint values of 70, 50 and 25. Please Note: Historical PCI values are calculated as of 12/31 of the year shown.