

**City of Carmel-by-the-Sea**

POST OFFICE BOX CC  
CARMEL-BY-THE-SEA, CA 93921  
(831) 620-2000

December 31, 2022

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

Dear Todd,

Enclosed please find the Measure X Annual Program Compliance Report for the Fiscal Year 2021-2022 for the City of Carmel-by-the-Sea. We appreciate TAMC's leadership in placing this sales tax measure before the voter and the organization's overall support of local governments' transportation needs.

Please contact the City's Public Works Director Robert Harary at (831) 620-2021 or [rhrary@ci.carmel.ca.us](mailto:rhrary@ci.carmel.ca.us) or the City's Assistant City Administrator Maxine Gullo at (831) 620-2000 or [mgullo@ci.carmel.ca.us](mailto:mgullo@ci.carmel.ca.us) should you have any questions or need additional information.

Sincerely,



Chip Rerig  
City Administrator

# CITY OF CARMEL-BY-THE-SEA ANNUAL PROGRAM COMPLIANCE REPORT

## Measure X Funding for Fiscal Year 2021-2022

December 31, 2022

Measure X Local Road Project funds were utilized for eligible expenditures related to the category of road maintenance and repairs. Specifically, Measure X funded the engineering and design phases, and preparation of technical specifications of the City's "Fiscal Year 2021/2022 Citywide Paving Rehabilitation Project". Unfortunately, this Project was put on hold at the outbreak of the COVID-19 pandemic and has not yet been advertised for construction bids due to a staffing shortage. In addition, the City exceeded its Maintenance of Effort requirement by funding part of the Fiscal Year 2021/2022 Citywide Paving Rehabilitation project, which is described in more detail below, as well as by funding road and storm drain maintenance and other eligible transportation-related projects. In addition to the General Fund, the City also utilized State funding to augment Measure X funds for its paving rehabilitation project.

### CITY OF CARMEL BY THE SEA - YEAR 2022

<b>REVENUES</b>	
Carryover from Previous Year	237,709.12
FY 20/21 Measure X MOE Balance Due	53,785.00
Prior Period Adjustment April-June 2021	62,066.57
Measure X Revenues FY 21/22	256,098.70
Use of Money and Property	(231.42)
<b>TOTAL REVENUES:</b>	<b>609,427.97</b>
<b>EXPENDITURES</b>	
Citywide Paving Rehabilitation Project	15,000.00
<b>TOTAL EXPENDITURES:</b>	<b>15,000.00</b>
<b>FUND BALANCE, END OF PERIOD:</b>	<b>594,427.97</b>

## **Project Title:** Fiscal Year 2021/2022 Citywide Paving Rehabilitation Project

**Project Description:** The selected street segments identified below will either receive a Type II micro surface treatment or a 2 to 2-1/2-inch asphalt pavement overlay. The Type II micro surface treatment scope of work includes removal and repair of failed pavement areas, application of a micro surfacing treatment, and restoration of traffic striping and pavement markings along the street segments. ADA-compliant ramps will be installed at intersections as indicated on the plans. The asphalt concrete pavement overlay scope of work includes removal and repair of failed pavement areas; milling of existing pavement where required; paving 2" to 2-1/2" of asphalt concrete overlay, and restoring berms, drainage facilities, traffic striping, and pavement markings along the street segments. Sidewalk improvements consist of removal and replacement of asphalt and concrete paver sidewalk segments, installation of new permeable pavers, blocking out tree wells, installing 3-inch curb outlet pipes, and adjusting existing utility boxes.

The street selections were based on the City's 2018 Pavement Management Program Report, as updated through 2021, where limited funds can provide the most benefit in extending the life of the pavement.

### **TYPE II MICRO SURFACE TREATMENT**

- Junipero Street. between 4<sup>th</sup> Ave. and Ocean Ave.
- San Carlos street between 8<sup>th</sup> Ave. and 13<sup>th</sup> Ave.

### **2" ASPHALT PAVEMENT OVERLAY**

- Junipero Street between 3<sup>rd</sup> Ave. and 4<sup>th</sup> Ave.
- Junipero Street between 5<sup>th</sup> Ave. and 6<sup>th</sup> Ave. (northbound lanes)
- 5<sup>th</sup> Ave. between Junipero Street. and Torres Street
- Camino Del Monte between 2<sup>nd</sup> Ave. and Junipero Street
- San Antonio Ave. between 4<sup>th</sup> Ave. and Ocean Ave.
- San Antonio Ave. between Ocean Ave. and 8<sup>th</sup> Ave.
- Santa Fe St. between 5<sup>th</sup> Ave. and 6<sup>th</sup> Ave.
- Torres St. between 2<sup>nd</sup> Ave. and 4<sup>th</sup> Ave.

### **SIDEWALK IMPROVEMENTS**

- Mission Street between 4<sup>th</sup> Ave. and 5<sup>th</sup> Ave.
- Mission Street between 5<sup>th</sup> Ave. and 6<sup>th</sup> Ave.
- Dolores Street between 5<sup>th</sup> Ave. and 6<sup>th</sup> Ave.
- San Carlos Street between 3<sup>rd</sup>Ave. and 4<sup>th</sup> Ave.

In addition, this Project included planning and design to install signage and markings for a shared bike lane along San Carlos Street from 8<sup>th</sup> to 13<sup>th</sup> Avenues. This will be the City's first official bike route and a launching platform for a number of interconnecting bike routes in years to come. In addition, with partial donation funding from adjoining

neighbors, two or three landscaped median islands may be installed on San Carlos Street between 11<sup>th</sup> and 13<sup>th</sup> Avenues.

### **Project Benefits:**

This Project will remove and replace areas of failed or heavily deteriorated asphalt pavement on 10 street segments, including collector streets, such as Junipero Street, along the Truck/Bus route on San Carlos Street between 8<sup>th</sup> and 13<sup>th</sup> Avenues, and on several residential streets. Traditionally, Carmel specified asphalt overlays as the predominate treatment solution; however, for this Project, we have dispelled past myths and specified Type II micro-surfacing treatment for the first time in Carmel's history. The intent is to diversify treatment options based on recommendations from our Pavement Management System and confirmation of actual field conditions. This new approach of trying other, appropriate pavement solutions as recommended by our pavement management system will allow Carmel to have a cost-effective array of pavement treatment solutions in the future.

Also, this Project includes signage and pavement markings along the Truck/Bus route on San Carlos Street, between 8<sup>th</sup> and 13<sup>th</sup> Avenues. This road segment is marked in the City's Circulation Element of the General Plan, and is ideally located in the center of the City, passing alongside the Sunset Cultural Center. This central "hub" location will allow for the extension of bike routes in multiple directions in the future. In fact, this segment of bike route is part of the newly-designated USBR 95, ultimately extending the full coast from the Mexican to Canadian borders. In addition, this segment of bike route is earmarked for TAMC's standardized, regional wayfinding signs under a separate project.

Four sidewalk segment improvements will eliminate potential trip hazards and correct drainage issues due to the improper grade of existing sidewalks.

Finally, the Project includes two, or possibly three with a bid additive, landscaped median islands also along the Truck/Bus/Bike route on San Carlos Street, between 10<sup>th</sup> and 13<sup>th</sup> Avenues. With a private donation from adjacent homeowners, and with majority support at a neighborhood public meetings, we will be able to install traffic-calming landscaped medians. The design includes drought-tolerant and low maintenance landscaping features, although a few parking spaces will be eliminated.

Therefore, the City of Carmel-by-the-Sea is compliant with Measure X policies.

Attachment 1: Independent Audit of Financial Statements for Measure X Funds, Prior  
Fiscal Year

Attachment 2: Five-Year Capital Improvement Plan

Attachment 3: Pavement Management Program Report

Attachment 1: Independent Audit of Financial Statements for Measure X Funds, Prior  
Fiscal Year

**CITY OF CARMEL-BY-THE-SEA**  
**TRANSPORTATION SAFETY AND**  
**INVESTMENT PLAN ACCOUNT FUND**  
**WITH INDEPENDENT**  
**AUDITORS' REPORT**

**JUNE 30, 2022**

\* \* \*



**Chavan & Associates, LLP**  
Certified Public Accountants  
15105 Concord Circle, Suite 130  
Morgan Hill, California 95037

**CITY OF CARMEL-BY-THE-SEA**  
**Transportation Safety and Investment Plan Account Fund**  
**June 30, 2022**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

City Council  
City of Carmel-by-the-Sea  
Carmel-by-the-Sea, California

### Opinions

We have audited the accompanying financial statements of the Transportation Safety and Investment Plan Account Fund of the City of Carmel-by-the-Sea, as of and for the 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 Carmel-by-the-Sea, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 opinions.

### 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 Carmel-By-The-Sea, as of June 30, 2022, 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.

### Responsibilities of Management for the Financial Statements

City 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS 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 GAAS, 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'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the Transportation Safety and Investment Plan Account Fund financial statements that collectively comprise the City of Carmel-By-The-Sea Transportation Safety and Investment Plan Account Fund financial statements. The accompanying supplemental information – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the City's Transportation Safety and Investment Plan Account Fund financial statements and certain additional procedures, including comparing and



reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the City of Carmel-By-The-Sea Traffic Safety and Investment Plan Account Fund's internal control over financial reporting and on our tests of its compliance with the requirements described in the TAMC's Ordinance No. 2016-01 and in the Agreement between TAMC and the City and other matters for the fiscal year ended June 30, 2022. The purpose of that report is solely to report our opinion on compliance and to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of the City of Carmel-By-The-Sea Traffic Safety and Investment Plan Account Fund's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carmel-By-The-Sea Traffic Safety and Investment Plan Account Fund's compliance.

C & A LLP

December 22, 2022  
Morgan Hill, California

**City of Carmel-by-the-Sea**  
**Transportation Safety and Investment Plan Accounting Fund**  
**Balance Sheet**  
**June 30, 2022**

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**ASSETS**

Cash and investments	\$	526,067
Taxes receivable		68,361
<b>Total Assets</b>	<b>\$</b>	<b>594,428</b>

**FUND BALANCE**

Restricted	\$	594,428
<b>Total Fund Balance</b>	<b>\$</b>	<b>594,428</b>

*The accompanying notes are an integral part of these financial statements*

**City of Carmel-by-the-Sea**  
**Transportation Safety and Investment Plan Accounting Fund**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**June 30, 2022**

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**REVENUES**

Taxes:

Transportation Safety and Investment Plan Account revenue \$ 256,099

Use of money and property (232)

**Total Revenues** 255,867

**EXPENDITURES**

Streets and roads maintenance -

**Total Expenditures** -

Excess (Deficiency) of Revenues over Expenditures 255,867

**OTHER FINANCING SOURCES (USES)**

Transfers in 53,785

Transfers out (15,000)

**Total Other Financing Sources (Uses)** 38,785

Net Change in Fund Balance 294,652

Prior Period Adjustment - Taxes receivable 62,067

Fund Balance Beginning 237,709

Fund Balance Ending \$ 594,428

Note: Transfers out were used to fund streets and road maintenance projects for pavement rehabilitation.

*The accompanying notes are an integral part of these financial statements*

**City of Carmel-by-the-Sea**  
**Transportation Safety and Investment Plan Account Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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**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 Carmel-By-The-Sea (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 Transportation Safety and Investment Plan Account Fund from the Transportation Agency for Monterey County was approved on November 8, 2016. The revenue from the sales tax measure will be used to fund transportation safety and mobility projects in Monterey County. Expenditures are restricted to road improvements, pothole repairs, street and road maintenance, traffic deduction and regional safety, mobility and walkability.

The Transportation Safety and Investment Plan Fund financial statements and related accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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'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 City's basic financial statements.

**City of Carmel-by-the-Sea**  
**Transportation Safety and Investment Plan Account Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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**NOTE 3 – MAINTENANCE OF EFFORT**

The Measure X Master Programs Funding Agreement between the City and the Transportation Agency for Monterey County, as amended, requires 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 2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed), as reported to the Controller pursuant to Streets and Highways Code section 2151 (“Maintenance of Effort”). This baseline amount will be indexed annually to the Engineering News Record construction index.

The following eligible expenditures were made:

Fiscal year ended June 30:	
2010	\$ 482,699
2011	870,129
2012	318,316
Total	<u>\$ 1,671,144</u>
Three-year average	\$ 557,048
Fiscal year ended June 30, 2017	\$ 175,508
Maintenance of effort baseline	\$ 557,048
Engineering News Record construction index FY 2019/20	1.37%
Engineering News Record construction index FY 2020/21	1.27%
Engineering News Record construction index FY 2021/22	2.05%
Index-adjusted maintenance of effort requirement	<u>\$ 583,561</u>
Current year eligible expenditures	\$ 584,117
Compliant (Yes or No)	Yes

Total expenditures from the general fund for street and highway purposes for the fiscal year ended June 30, 2022 was \$584,117. The City was in compliance with the Maintenance of Effort requirement of the Measure X Master Programs Funding Agreement between the City of Carmel-by-the-Sea and the Transportation Agency for Monterey County. While the City's current year local resources spent did not meet the minimum amount required by Measure X, the City was exempt from the MOE requirement since it did not spend any Measure X funds during the fiscal year. Therefore, the Measure X funds received were not used to supplant any local resources.



**SUPPLEMENTARY  
INFORMATION**

**City of Carmel-by-the-Sea**  
**Transportation Safety and Investment Plan Account Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Transportation Safety and Investment Plan Account revenue	\$ (196,212)	\$ (196,212)	\$ 256,099	\$ 452,311
Use of money and property	-	-	(232)	(232)
<b>Total Revenues</b>	<u>(196,212)</u>	<u>(196,212)</u>	<u>255,867</u>	<u>452,079</u>
<b>EXPENDITURES</b>				
Streets and roads maintenance	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(196,212)</u>	<u>(196,212)</u>	<u>255,867</u>	<u>452,079</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	53,785	53,785
Transfers out	<u>(319,352)</u>	<u>(319,352)</u>	<u>(15,000)</u>	<u>304,352</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(319,352)</u>	<u>(319,352)</u>	<u>38,785</u>	<u>358,137</u>
Net Change in Fund Balance	(515,564)	(515,564)	294,652	810,216
Prior Period Adjustment - Taxes receivable	-	-	62,067	62,067
Fund Balance Beginning	<u>237,709</u>	<u>237,709</u>	<u>237,709</u>	<u>-</u>
Fund Balance Ending	<u>\$ (277,855)</u>	<u>\$ (277,855)</u>	<u>\$ 594,428</u>	<u>\$ 872,283</u>

The City employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the City Council to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the Measure X Special Revenue Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**OTHER INDEPENDENT  
AUDITORS REPORT**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

City Council  
City of Carmel-by-the-Sea  
Carmel-by-the-Sea, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Safety and Investment Plan Account Fund (Measure X Fund) of City of Carmel-by-the-Sea (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Carmel-by-the-Sea's Measure X Fund financial statements, and have issued our report thereon dated December 22, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Carmel-by-the-Sea's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carmel-by-the-Sea's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carmel-by-the-Sea's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Carmel-by-the-Sea's Measure X Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.



However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 22, 2022  
Morgan Hill, California



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
TAMC ORDINANCE NO. 2016-01 AND THE MEASURE X  
MASTER PROGRAMS FUNDING AGREEMENT**

City Council  
City of Carmel-by-the-Sea  
Carmel-by-the-Sea, California

We have audited the City of Carmel's (the "City") Transportation Safety and Investment Plan Account Fund's (the City's Measure X Fund) compliance with the types of compliance requirements described in the Transportation Agency's for Monterey County's (TAMC) Ordinance No. 2016-01 and the Measure X Master Programs Funding Agreement (the Agreement) between TAMC and the City, applicable for the fiscal year ended June 30, 2022.

**Opinion on Compliance with the TAMC Ordinance No. 2016-01**

In our opinion, the funds allocated to and received by the City's Measure X 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 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. 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 and 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.

**Purpose of this Report**

The purpose of this report is solely to report our opinion on compliance with the TAMC Ordinance No. 2016-01 and to describe the scope of our testing over compliance and the results of that testing. This report is intended solely for the information and use of City Council, management of the Transportation Agency for 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.

*C & A LLP*

December 22, 2022  
Morgan Hill, California

## Attachment 2: Five-Year Capital Improvement Plan





## Attachment 3: Pavement Management Program Report

**City of Carmel-by-the-Sea**  
POST OFFICE BOX CC  
CARMEL-BY-THE-SEA, CA 93921  
(831) 620-2000

December 31, 2022

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

**Re: Pavement Management Program Annual Report Letter**

Dear Todd,

The City of Carmel-by-the-Sea 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 City. We acknowledge that an approved Pavement Management Program must be in place to be eligible for Measure X funds.

The Pavement Management Program (PMP) utilizes a software system developed by the Metropolitan Transportation Commission known as "StreetSaver." The PMP system and field data was updated by Nichols Consulting Engineers in 2018, currently NCE is in the process of conducting a new condition survey. Streetsaver continues to be maintained by Public Works Superintendent Rob Culver, and contains, at a minimum, the following elements:

- Inventory of all existing pavements under the local agency jurisdiction:
  - Centerline miles: 27
  - Total lane miles : 54.6
  - The last update of the inventory was completed on: 8/2018
- Average Pavement Condition Index (PCI) 71
- Identification of roadway classifications brought up to acceptable PCI levels for the current year:
  - Arterial 74
  - Collector 68
  - Residential 70
  - Other 78
- Amount spent to rehabilitate or replace deficient sections for the current year: \$0 This was due to significant staffing shortages resulting from the COVID-19 pandemic.

You may direct any questions regarding the system to the Assistant City Administrator Maxine Gullo at (831) 620-2000, or myself at (831) 620-2021.

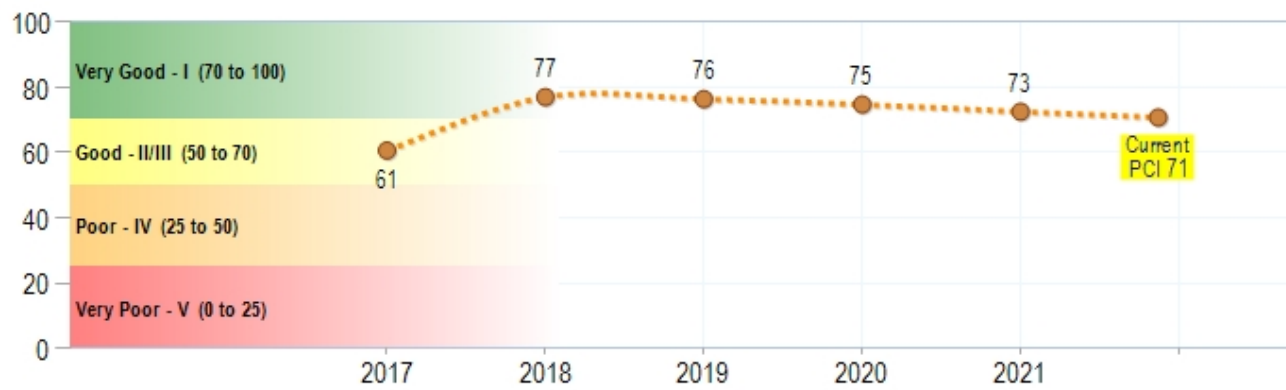
Sincerely,



Robert Harary, P.E.  
Director of Public Works

cc:  
Rob Culver, Public Works Superintendent

**\*Historical Pavement Condition Trends**



**\*Current PCI**



**Network Inventory**

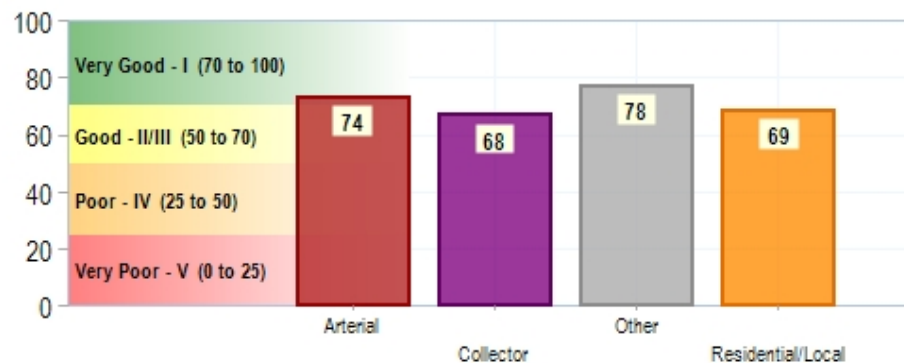
Pavement Area: **0.14**  
*(square miles)*

Miles: **26.97**

Lane Miles: **54.64**

Sections: **233**

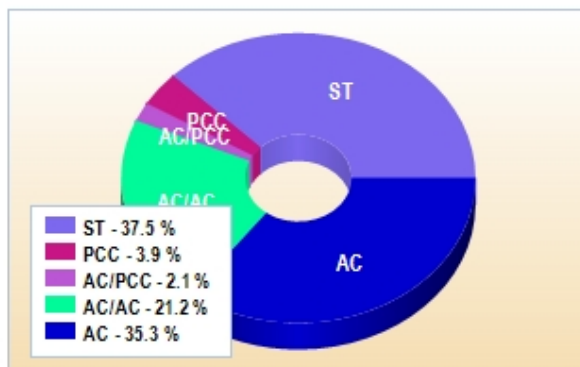
**\*Current PCI by Functional Class**



**Remaining Service Life (years)**



**Surface Type**



**Historical Network Condition Trends**

