



CITY OF MANTECA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT
AND MEASURE K FUNDS
NON- TRANSIT PURPOSES
AND TRANSIT ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2024

INDEPENDENT AUDITORS' REPORT, FUND FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND COMPLIANCE REPORT

Focused
on YOU



**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds
Non-Transit Purposes
and Transit Enterprise Fund**

**Independent Auditors' Report, Fund Financial Statements,
Required Supplementary Information,
and Compliance Report**

For the Year Ended June 30, 2024

CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund

Independent Auditors' Report, Fund Financial Statements,
Required Supplementary Information,
and Compliance Report

For the Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Fund and Measure K Fund, allocated for non-transit purposes, and the Transit Enterprise Fund (collectively "the Funds") of the City of Manteca (the "City"), California, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Funds basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the City's auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City, which were relied upon for assurance over the cash balances and related interfund activity with other City funds, represented within the Funds as of June 30, 2024. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for cash balances and City wide interfund activity, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Funds 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 2, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows 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.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

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.

Auditors' 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 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 generally accepted auditing standards and *Government 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 and *Government 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's internal control in relation to the Funds. 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and required pension schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

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City of Manteca
Manteca, California

for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Summarized Comparative Information

We have previously audited the financial statements of the Funds for the year ended June 30, 2023, and expressed an unmodified audit opinion on those financial statements in our report dated October 1, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the City's internal control over financial reporting, as it relates to the Funds, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance, as it relates to the Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance as it relates to the Funds.

LSL, LLP

Sacramento, California
January 23, 2026

CITY OF MANTECA, CALIFORNIA
Transportation Development Act and Measure K Funds
Non-Transit Purposes
Balance Sheet
June 30, 2024, with Comparative Totals

	Transportation Development Act Fund	Measure K Fund	Totals	
			2024	2023
ASSETS				
Cash and cash equivalents	\$ 3,590,999	\$ 6,522,949	\$ 10,113,948	\$ 10,731,272
Accounts receivable	1,537,512	4,979,636	6,517,148	5,804,959
Total assets	\$ 5,128,511	\$ 11,502,585	\$ 16,631,096	\$ 16,536,231
LIABILITIES				
Accounts payable	\$ 82,375	\$ 750,024	\$ 832,399	\$ 418,219
Total liabilities	82,375	750,024	832,399	418,219
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,537,512	4,492,861	6,030,373	5,316,628
Total deferred inflows of resources	1,537,512	4,492,861	6,030,373	5,316,628
FUND BALANCES				
Restricted for street and road projects	-	6,259,700	6,259,700	10,805,578
Restricted for pedestrian and bicycle facilities	3,508,624	-	3,508,624	-
Unassigned	-	-	-	(4,194)
Total fund balances	3,508,624	6,259,700	9,768,324	10,801,384
Total liabilities, deferred inflows of resources and fund balances	\$ 5,128,511	\$ 11,502,585	\$ 16,631,096	\$ 16,536,231

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

CITY OF MANTECA, CALIFORNIA
Transportation Development Act and Measure K Funds
Non-Transit Purposes
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024, with Comparative Totals

	Transportation Development Act Fund	Measure K Fund	Totals	
			2024	2023
REVENUES				
Local Transportation Fund:				
Streets and roads	\$ 5,118,220	\$ -	\$ 5,118,220	\$ -
Pedestrian and bicycle	8,482	-	8,482	-
Measure K Fund:				
Local street repair	-	1,800,946	1,800,946	1,730,922
Congestion relief	-	189,926	189,926	-
Roadway safety	-	293,177	293,177	281,778
Renewal	-	232,877	232,877	-
Investment earnings (loss)	-	327,351	327,351	164,720
Other revenues	13,623	-	13,623	-
Total revenues	5,140,325	2,844,277	7,984,602	2,177,420
EXPENDITURES				
Capital projects - local street repair	1,556,848	7,187,228	8,744,076	2,608,136
Total expenditures	1,556,848	7,187,228	8,744,076	2,608,136
Excess (deficiency) of revenues over (under) expenditures	3,583,477	(4,342,951)	(759,474)	(430,716)
Other Financing Uses:				
Transfers to other City of Manteca funds	(70,659)	(202,927)	(273,586)	-
Total Other Financing Uses	(70,659)	(202,927)	(273,586)	-
Net Change in Fund Balances	3,512,818	(4,545,878)	(1,033,060)	(430,716)
Fund balances-beginning, as restated	(4,194)	10,805,578	10,801,384	11,232,100
Fund balances-ending	\$ 3,508,624	\$ 6,259,700	\$ 9,768,324	\$ 10,801,384

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

CITY OF MANTECA, CALIFORNIA
Transit Enterprise Fund
Statement of Net Position
June 30, 2024, with Comparative Totals

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 3,313
Accounts receivable	4,981,058	5,251,155
Due from other funds	133,700	133,700
Total Current Assets	<u>5,114,758</u>	<u>5,388,168</u>
Noncurrent Assets:		
Capital assets, not being depreciated	565,983	565,983
Capital assets, net of accumulated depreciation	6,455,103	6,848,325
Total Noncurrent Assets	<u>7,021,086</u>	<u>7,414,308</u>
Total Assets	<u>12,135,844</u>	<u>12,802,476</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	187,864	188,258
Total Deferred Outflows of Resources	<u>187,864</u>	<u>188,258</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	234,596	290,327
Refundable deposits	12,890	10,990
Unearned revenues - TDA advances	133,700	133,700
Due to other funds	2,165,730	2,288,995
Compensated absences - due within one year	25,318	19,948
Total Current Liabilities	<u>2,572,234</u>	<u>2,743,960</u>
Noncurrent Liabilities:		
Compensated absences - due in more than one year	16,879	13,299
Net pension liability	621,795	579,026
Total Noncurrent Liabilities	<u>638,674</u>	<u>592,325</u>
Total Liabilities	<u>3,210,908</u>	<u>3,336,285</u>
NET POSITION		
Invested in capital assets	7,021,086	7,414,308
Restricted	2,091,714	2,240,141
Total Net Position	<u>\$ 9,112,800</u>	<u>\$ 9,654,449</u>

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

CITY OF MANTECA, CALIFORNIA
Transit Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024, with Comparative Totals

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Fares	\$ 31,495	\$ 30,710
Coupon sales	23,662	19,565
Other	66,076	55,546
Total operating revenues	<u>121,233</u>	<u>105,821</u>
OPERATING EXPENSES		
Operations and administration	3,420,454	2,130,379
Personnel services	407,959	374,588
Depreciation expense	480,676	775,457
Total operating expenses	<u>4,309,089</u>	<u>3,280,424</u>
Operating income (loss)	<u>(4,187,856)</u>	<u>(3,174,603)</u>
NONOPERATING REVENUES (EXPENSES)		
Local transportation funds -Transit operating	754,483	956,320
Federal transit assistance funds	2,814,154	1,429,477
Proposition 1B (PTMISEA)	-	191,997
State of Good Repair (SGR)	37,365	31,426
Low Carbon Transit Operations Program (LCTOP)	32,116	25,171
Interest	-	100,268
Total nonoperating revenues (expenses)	<u>3,638,118</u>	<u>2,734,659</u>
Change in net position	(549,738)	(439,944)
Net position-beginning	9,654,449	10,127,640
Prior Period Adjustment - Error Corrections	8,089	(33,247)
Net position-ending	<u><u>\$ 9,112,800</u></u>	<u><u>\$ 9,654,449</u></u>

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

CITY OF MANTECA, CALIFORNIA
Transit Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2024, with Comparative Totals

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 391,330	\$ (1,567,543)
Cash payments to suppliers for goods and services	(3,474,285)	(1,947,654)
Cash payments to employees for services	(355,846)	(321,100)
Net cash provided by (used for) operating activities	(3,438,801)	(3,836,297)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal transit assistance funds	2,814,154	1,429,477
Local transportation funds - transit operating	754,483	956,320
Proposition 1B - PTMISEA	-	191,997
State of Good Repair (SGR)	37,365	31,426
Low Carbon Transit Operations Program (LCTOP)	32,116	25,171
Payments from other funds	(123,265)	1,191,539
Net cash provided by (used for) noncapital financing activities	3,514,853	3,825,930
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(79,365)	(191,997)
Net cash provided by (used for) capital and related financing activities	(79,365)	(191,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	100,268
Net cash provided by (used for) investing activities	-	100,268
Net increase (decrease) in cash and cash equivalents	(3,313)	(102,096)
Cash and cash equivalents-beginning	3,313	105,409
Cash and cash equivalents-ending	\$ -	\$ 3,313
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (4,187,856)	\$ (3,174,603)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	480,676	775,457
GASB 68 pension adjustment	43,163	53,488
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	270,097	(1,673,364)
Increase (decrease) in refundable deposits	1,900	8,740
Increase (decrease) in accounts payable	(55,731)	173,985
Increase (decrease) in accrued compensated absences	8,950	-
Total Adjustments	749,055	(661,694)
Net cash provided by (used for) operating activities	\$ (3,438,801)	\$ (3,836,297)

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

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 1: ORGANIZATION

The City of Manteca (the City) receives funds under the provisions of the Transportation Development Act (TDA) from the San Joaquin County Local Transportation Fund (LTF) under Article 8, Section 99400(c). The City's Article 8 LTF funds are for the support of public transportation systems as defined in the TDA. The City's State Transit Assistance Bus Fund is used to account for TDA funds received by the City for public transportation, which is reflected in these financial statements of the City's Transit Enterprise Fund.

The City receives funds under the provisions of the TDA from the San Joaquin County LTF under Article 8, Section 99400(a) for local streets and roads projects, and Article 3, Section 99234 for pedestrian and bicycle facilities. The funds provided under Article 8 represent amounts available after the determination by the San Joaquin Council of Governments (SJCOG), the transportation planning agency administering TDA funds, of amounts needed for local streets and roads of the City. The funds provided under Article 3, Section 99234 represent amounts set aside to be allocated for pedestrian and bicycle facilities within the jurisdictions of San Joaquin County and represent up to 2% of the available funds countywide. The City's TDA Fund is used to account for these funds received by the City for non-transit purposes, which is reflected in these financial statements of the TDA Fund allocated for non-transit purposes.

The City also receives funds from an ordinance (Measure K) passed by San Joaquin County voters resulting in a sales tax increase of one-half of one percent for transportation improvements. SJCOG, acting as the Local Transportation Authority, oversees the collection and distribution of the sales tax in accordance with the twenty-year transportation expenditure plan. The plan calls for street repairs, safety and operational improvements on streets and roads, projects to reduce street and highway congestion, and the promotion of passenger rail and bus services as an alternative to travel by automobile. The City's Measure K Fund is used to account for these funds, which is reflected in the financial statements of the Measure K Fund.

The City provides transit service for senior and handicapped citizens of the City through both fixed-route and Dial-A-Ride transit services, which is reflected in the Transit Enterprise Fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the TDA Fund, Measure K Fund, and Transit Enterprise Fund of the City have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The financial statements present only the TDA Fund, Measure K Fund, and Transit Enterprise Fund of the City and are not intended to present fairly the financial position of the City and the changes in its financial position or its cash flows in accordance with accounting principles generally accepted in the United States of America.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The TDA Fund and Measure K Fund are governmental funds specifically categorized as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The Transit Enterprise Fund is a proprietary fund specifically categorized as an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector. The City uses an enterprise fund to account for its transit operations.

D. Measurement Focus and Basis of Accounting

The TDA Fund and Measure K Fund are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and expenditures are recognized when the fund liabilities are incurred. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City uses an availability period of 60 days. Revenues that are susceptible to accrual include LTF allocations and interest income.

The Transit Enterprise Fund is presented in the City's Annual Comprehensive Financial Report (ACFR) as the Federal Transit Management Fund, a special revenue fund which is reported under the modified accrual basis of accounting, whereby revenues are recognized when they become measurable and available and expenditures are recognized when the fund liabilities are incurred. In accordance with Section 6667(b) of the TDA Statutes and California Codes of Regulations, Transit Funds should be classified as enterprise funds using the flow of economic resources management focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Transit Enterprise Fund reports grant advances on its statement of net position. Grant advances for this fund arise when potential revenue, designated for a specific purpose, has been received prior to the eligibility requirements being met. In subsequent periods, when the eligibility requirements have been met, the liability for grant advances is removed from the statement of net position and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Transit Enterprise Fund are passenger fares. Operating expenses include the cost of vehicle maintenance, administrative expenses, and depreciation on capital assets and equipment. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

E. Cash and Cash Equivalents

All City monies are invested in a cash and investments pool, whereby funds can spend cash at any time without prior notice or penalty. Therefore, for purposes of the statement of cash flows, all enterprise fund cash on hand and in the pool is considered cash and cash equivalents.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Transit Fund has deferred outflows of resources related to pension as discussed in Note 9, respectively.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for funding purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Capital Assets

All purchased capital assets are valued at cost where historical cost records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all capital assets in the Transit Enterprise Fund is computed using the straight-line method over their estimated useful lives. Estimated useful lives of vehicles are 5 years.

I. Net Position/Fund Balance

The financial statements of the enterprise fund utilize a net position presentation. Net position is categorized as follows:

- Invested in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents amounts with external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The City follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Accordingly, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent. As of June 30, 2024 the City reported the following:

- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitution provisions or enabling legislation.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City does not have a minimum fund balance policy.

J. Grants

Grant revenues and receivables are recorded when eligibility requirements which have been imposed by the provider have been met. Grant sources include the Federal Transit Administration (FTA), State Transit Assistance (STA), and Local Transportation Fund (LTF). The LTF and STA were created by the State Legislature under the TDA

K. Risk Management

The City participates in various risk management programs, some of which relate to the TDA Fund and the Transit Enterprise Fund and are reported in the financial statements of the City. The risk management allocation is based on a percentage of each invoice from the Municipal Pooling Authority, based on a weighted allocation.

L. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

M. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in financial position and operations of the City TDA Fund and Measure K Fund, allocated for non-transit purposes, and Transit Enterprise Fund. Also, certain accounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

N. Contingencies

The City receives funding for specific purposes that is subject to review and audit by the granting agencies funding source. Such audits could result in a request for reimbursement for expenditures disallowed under terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

The City is a party to claims and lawsuits arising in the ordinary course of business. The City's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the funds.

O. Reclassification

Certain reclassifications have been made to prior year balances to conform with current year presentation.

CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances for the City's TDA Fund, Measure K Fund, and Transit Enterprise Fund are held in the City's cash and investment pool. The City maintains a cash and investment pool in order to facilitate the management of cash. Interest is allocated to its various funds based upon average cash balances. Investments held in the City's cash management pool are available on demand to the City TDA Fund, Measure K Fund, and Transit Enterprise Fund and are stated at fair value. Information regarding categorization of investments can be found in the City's financial statements.

NOTE 4: CAPITAL ASSETS

Capital assets and accumulated depreciation at June 30, 2024, are as follows:

	Balances June 30, 2023	Adjustments	Additions	Deletions	Balances June 30, 2024
Capital assets, not being depreciated					
Land	\$ 565,983	\$ -	\$ -	\$ -	\$ 565,983
Total capital assets, not being depreciated	<u>565,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,983</u>
Capital assets being depreciated					
Building and improvements	9,191,139	8,089	79,365	-	9,278,593
Machinery and equipment	294,977	12,410	-	-	307,387
Transit vehicles	2,541,940	(12,410)	-	(300,479)	2,229,051
Total capital assets, being depreciated	<u>12,028,056</u>	<u>8,089</u>	<u>79,365</u>	<u>(300,479)</u>	<u>11,815,031</u>
Less: accumulated depreciation	<u>(5,179,731)</u>	<u>-</u>	<u>(480,676)</u>	<u>300,479</u>	<u>(5,359,928)</u>
Capital assets, net of accumulated depreciation	<u>6,848,325</u>	<u>8,089</u>	<u>(401,311)</u>	<u>-</u>	<u>6,455,103</u>
Total capital assets	<u>\$ 7,414,308</u>	<u>\$ 8,089</u>	<u>\$ (401,311)</u>	<u>\$ -</u>	<u>\$ 7,021,086</u>

Depreciation expense was \$480,676 for the fiscal year ended June 30, 2024.

NOTE 5: GRANT ADVANCES

Revenues received from this granting agency are deferred for transit services and are considered earned when they are properly spent for operations of capital assets by the City for its transit system. The changes in grant advances are as follows for the year ended June 30, 2024:

	2024
Transit Enterprise Fund	
TDA advances, beginning of year	<u>\$ 133,700</u>
TDA advances, end of year	<u>\$ 133,700</u>

**CITY OF MANTECA, CALIFORNIA
 Transportation Development Act
 and Measure K Funds Non-Transit Purposes
 and Transit Enterprise Fund
 Notes to the Financial Statements
 For the Year Ended June 30, 2024**

NOTE 6: PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

PTMISEA

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligations bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

Balance remaining at June 30, 2024 is composed of the following:

	<u>Amount</u>
Balance available for draw - beginning of the year	\$ 38,348
Revenue:	
Interest earned on PTMISEA deposits through June 30, 2024	<u>4,392</u>
Balance available for draw - end of the year	<u>\$ 42,740</u>

NOTE 7: STATE OF GOOD REPAIR (SGR)

The State of Good Repair & Accountability Act of 2017 was established to provide funds annually for aging infrastructure, investments in congested commute and freight corridors and to improve transit service. Caltrans is legislated to manage and administer the State of Good Repair (SGR) program. The State Controller's Office publishes annually estimated funding according to population and farebox revenues. The State Controller's Office issues quarterly payment to the San Joaquin Council of Governments who in turn pays the Regional Transit Authority for allocation to the jurisdictions. The 99313 portion of the allocations is allocated based on a Board approved allocation formula for the fiscal year. The 99314 portion is allocated based on the SCO formula. The funds are held with the County Treasurer, and jurisdictions are allowed to draw down from available funds on a reimbursement basis. Caltrans requests that the jurisdictions fully expend the SGR funds within a seven-year period.

Amounts held by the City and available for draw as of June 30, 2024, are composed of the following:

	<u>TDA Fund</u>
Balance available for draw - beginning of the year	\$ 831,851
Revenue:	
SGR funds received	753,521
Expenses:	
Expenses	<u>(37,365)</u>
Balance available for draw - end of the year	<u>\$ 1,548,007</u>

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
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Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 8: LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

Annual audits of public transportation operators required under the Transportation Development Act (TDA), per PUC 99245, must include verification of receipt and appropriate expenditure of funds. Lead Agencies receiving LCTOP funds in a fiscal year for which a TDA audit is conducted must submit a copy of the audit to Caltrans by December 31st, six months after the close of the fiscal year (closes June 30) Caltrans will make the audits available to the Legislature and the State Controller’s Office (SCO) as needed. Lead agencies may request a 90-day extension from the December 31st deadline to March 31st. They must notify Caltrans in writing via e-mail. Project leads who fail to submit an expanded TDA audit documenting all LCTOP funding allocated to date will not receive future LCTOP allocations until the required document(s) have been submitted to Caltrans.

Balance remaining at June 30, 2024 is composed of the following:

	<u>Amount</u>
Balance available for draw - beginning of the year	\$ 81,347
Revenue:	
LCTOP funds received	32,116
Expenses:	
Expenses	<u>(15,511)</u>
Balance available for draw - end of the year	<u>\$ 97,952</u>

NOTE 9: COMPENSATED ABSENCES

Changes to compensated absences for the year ended June 30, 2024 were as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Compensated absences	<u>\$ 33,247</u>	<u>\$ 28,632</u>	<u>\$ 19,682</u>	<u>\$ 42,197</u>	<u>\$ 25,318</u>	<u>\$ 16,879</u>

NOTE 10: PENSION PLAN

A. General Information

Plan Descriptions

All qualified regular and probationary employees are eligible to participate in the City’s Miscellaneous plan (Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 10: PENSION PLAN (CONTINUED)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits for the Miscellaneous Plan. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plan's provisions and benefits in effect as of the measurement date, are summarized as follows:

	Miscellaneous		
	Classic Tier I Prior to <u>April 3, 2012</u>	Classic Tier II After <u>April 3, 2012</u>	PEPRA On or After <u>January 1, 2013</u>
Hire Date	<u>April 3, 2012</u>	<u>April 3, 2012</u>	<u>January 1, 2013</u>
Benefit Formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 - 55	50 - 63	52 - 67
Monthly Benefits, as a % of eligible compensation	2.0% - 2.7%	1.092% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	8.00%	7.00%	7.75%
Required Employer Contribution Rates (NormalCost)	12.360%	12.360%	12.360%
Required Unfunded Accrued Liability Contribution (Monthly Basis)		\$50,886	

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are either billed on a monthly basis or may be paid in a lump sum at discount. During the measurement period, the City's required UAL contributions were made under the lump sum option.

During the June 30, 2023 measurement period, the Transit Fund's share of contributions to the Plan were \$71,920, which were recognized as reductions to the net pension liability.

Net Pension Liability

The Transit Fund's share of net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024

NOTE 10: PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

The changes in the Transit Fund's share of the Net Pension Liability for the Miscellaneous Plan follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2022	\$ 1,869,854	\$ 1,270,148	\$ 599,706
Changes recognized for the measurement period:			
Service cost	39,665	-	39,665
Interest on total pension liability	128,880	-	128,880
Changes of benefit terms	2,017	-	2,017
Changes of assumptions	-	-	-
Differences between expected and actual experience	21,719		21,719
Contributions-employer	-	75,530	(75,530)
Contributions-employee	-	16,197	(16,197)
Net investment income	-	79,397	(79,397)
Benefit payments, including refunds of employee contributions	(91,203)	(91,203)	-
Administrative expense	-	(934)	934
Net changes	101,078	78,988	22,090
Balance at June 30, 2023	\$ 1,970,932	\$ 1,349,136	\$ 621,795

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Transit's Fund share for the Plan, calculated using the discount rate for the Plan, as well as what the Transit Fund's share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1 Percent (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1 Percent (7.90%)
Transit Fund's share of net pension liability/(asset)	\$ 893,059	\$ 621,795	\$ 399,279

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 10: PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Transit Fund recognized pension expense of \$433,932. At June 30, 2024, the Transit Fund reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Contributions subsequent to the measurement date	\$ 78,914
Changes of assumptions	29,590
Differences between expected and actual experience	19,037
Net difference between projected and actual earnings on pension plan investments	<u>60,323</u>
Total	<u>\$ 187,864</u>

The Transit Funds share of Miscellaneous Plan reported \$78,914 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal year ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2025	\$ 35,039
2026	25,581
2027	46,695
2028	<u>1,635</u>
Total	<u>\$ 108,950</u>

**CITY OF MANTECA, CALIFORNIA
 Transportation Development Act
 and Measure K Funds Non-Transit Purposes
 and Transit Enterprise Fund
 Notes to the Financial Statements
 For the Year Ended June 30, 2024**

NOTE 10: PENSION PLAN (CONTINUED)

Actuarial Assumptions

For the measurement period ended June 30, 2023, the total pension liabilities were determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Investment Rate of Return	6.90%
Mortality Rate	Derived from using CALPERS Membership Data for
Healthcare Trend Rate	The lessser of contract COLA uo to 2.30% until Purchasing Power Allowance Floor on Purchasing Power apples, 2.30% thereafter

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001-2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 10: PENSION PLAN (CONTINUED)

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return ^{1, 2}
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study

Pension Plan Fiduciary Net Position

Detailed information about each pension plans fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 11: PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2024, corrections were made to the in the previously issued financial statements that required restatement of beginning net position for the Transit Fund. Accordingly, the City has restated beginning net position as of June 30, 2023 and June 30, 2024, as described below.

	(A)		
	June 30, 2023 As Previously Reported	Recognize Compensated Absence Activity	June 30, 2023 As Restated
Transit Net Position	<u>\$ 10,127,640</u>	<u>\$ (33,247)</u>	<u>\$ 10,094,393</u>

	(B)		
	Corrected June 30,2024 Net Position	Recognize Capital Asset	June 30, 2024 As Restated
Transit Net Position	<u>\$ 9,654,449</u>	<u>\$ 8,089</u>	<u>\$ 9,662,538</u>

A. Recognize Compensated Absence Activity

In fiscal year 2023, the City of Manteca converted the Transit Fund from a Special Revenue Fund to a Proprietary Fund (historically presented as proprietary within the TDA financial statements). As a result of this conversion, compensated absence activity was allocated to the Transit Fund for related payroll activity, and a prior period adjustment was recorded to establish the beginning compensated absence balances.

B. Recognize Capital Asset Not Recognized in Fiscal Year 2023

In fiscal year 2024, the City identified a capital asset that had not been recorded in the prior fiscal year. As a result, a prior period adjustment was recorded to recognize the asset and restate beginning net position as of July 1, 2023.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 23, 2026, the date these financial statements were available to be issued. The City did not identify any subsequent events that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANTECA, CALIFORNIA
Transportation Development Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local Transportation Fund:				
Streets and roads	\$ 2,050,128	\$ 2,050,128	\$ 5,118,220	\$ 3,068,092
Pedestrian and bicycle	125,923	125,923	8,482	(117,441)
Other revenues	-	-	13,623	13,623
Total Revenues	2,176,051	2,176,051	5,140,325	2,964,274
Expenditures:				
Capital projects - local street repair	2,380,217	1,369,669	1,556,848	(187,179)
Total Expenditures	2,380,217	1,369,669	1,556,848	(187,179)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(204,166)	806,382	3,583,477	3,151,453
Other Financing Uses:				
Transfers to other City of Manteca funds	-	-	(70,659)	(70,659)
Total Other Financing Uses	-	-	(70,659)	(70,659)
Net Change in Fund Balances	\$ (204,166)	\$ 806,382	3,512,818	\$ 3,080,794
Fund Balances, Beginning of Year			(4,194)	
Fund Balances, End of Year			\$ 3,508,624	

See Notes to the Required Supplementary Information.

CITY OF MANTECA, CALIFORNIA
Measure K Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local street repair	\$ 2,000,000	\$ 2,000,000	\$ 1,800,946	\$ (199,054)
Congestion relief	-	189,927	189,926	(1)
Roadway safety	250,000	250,000	293,177	43,177
Renewal	-	-	232,877	232,877
Investment earnings	-	-	327,351	327,351
Total Revenues	2,250,000	2,439,927	2,844,277	404,350
Expenditures:				
Capital projects - local street repair	544,506	7,725,885	7,187,228	538,657
Total Expenditures	544,506	7,725,885	7,187,228	538,657
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,705,494	(5,285,958)	(4,342,951)	(134,307)
Other Financing Uses:				
Intergovernmental transfers	-	202,927	(202,927)	-
Total Other Financing Uses	-	202,927	(202,927)	-
Net Change in Fund Balances	\$ 1,705,494	\$ (5,083,031)	(4,545,878)	\$ (134,307)
Fund Balances, Beginning of Year			10,805,578	
Fund Balances, End of Year			\$ 6,259,700	

See Notes to the Required Supplementary Information.

CITY OF MANTECA, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios - Transit Fund
Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years¹

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement Date	6/30/2023	6/30/2022	6/30/2021
TOTAL PENSION LIABILITY			
Service cost	\$ 39,665	\$ 36,142	\$ 27,834
Interest on total pension liability	128,880	118,004	100,837
Changes of benefit terms	2,017	-	-
Changes of assumptions	-	60,313	-
Difference between expected and actual experience	21,719	2,909	6,651
Benefit payments, including refunds of employee contributions	<u>(91,203)</u>	<u>(81,809)</u>	<u>(68,323)</u>
Net change in total pension liability	101,078	135,560	66,999
Total pension liability-beginning	<u>1,869,854</u>	<u>1,669,816</u>	<u>1,423,908</u>
Total pension liability-ending (a)	<u>1,970,932</u>	<u>1,805,376</u>	<u>1,490,907</u>
PLAN FIDUCIARY NET POSITION			
Contributions-employer	75,530	65,761	52,203
Contributions-employee	16,197	13,872	11,504
Net investment income	79,397	(101,668)	222,053
Benefit payments, including refunds of employee contributions	(91,203)	(81,809)	(68,323)
Net plan to plan resource movement	-	-	(4)
Administrative expense	(934)	(829)	(971)
Other miscellaneous income/(expense)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fiduciary net position	78,988	(104,673)	216,462
Plan fiduciary net position-beginning	<u>1,270,148</u>	<u>1,331,023</u>	<u>971,951</u>
Plan fiduciary net position-ending (b)	<u>1,349,136</u>	<u>1,226,350</u>	<u>1,188,413</u>
Net pension liability/(asset) (a) - (b)	<u>\$ 621,795</u>	<u>\$ 579,026</u>	<u>\$ 302,494</u>
Plan fiduciary net position as a percentage of the total pension liability	68.5%	67.9%	79.7%
Covered payroll	\$ 208,400	\$ 171,170	\$ 154,636
Plan net pension liability/(asset) as a percentage of covered payroll	298.4%	338.3%	195.6%

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

Benefit Changes : The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions : None in 2020-2022. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2018, the discount rate was reduced from 7.65% to 7.15%. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2015, amounts reported were based on the 7.50% discount rate.

¹The City converted the Transit Fund from a Special Revenue Fund to a Proprietary Fund in Fiscal Year 2023. Accordingly, RSI pension information for the Transit Fund is presented beginning with Fiscal Year 2022.

CITY OF MANTECA, CALIFORNIA
Schedules of Plan Contributions - Transit Fund
As of June 30, for the Last Ten Fiscal Years ¹

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
<u>Miscellaneous Agent, Multiple-Employer Pension Plan</u>					
2024	78,914	78,914	-	228,045	34.6%
2023	71,920	71,920	-	208,400	34.5%
2022	58,792	58,792	-	171,170	34.3%

¹The City converted the Transit Fund from a Special Revenue Fund to a Proprietary Fund in Fiscal Year 2023. Accordingly, RSI pension information for the Transit Fund is presented beginning with Fiscal Year 2022.

**CITY OF MANTECA, CALIFORNIA
Transportation Development Act
and Measure K Funds Non-Transit Purposes
and Transit Enterprise Fund
Notes to the Required Supplementary Information
For the Year Ended June 30, 2024**

NOTE 1: BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the Transportation Development Act (TDA) Fund and the Measure K Fund. All appropriations lapse at year-end. The appropriate budget is prepared by department, function, and fund. The City Manager may make transfers of appropriations between departments within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control is the object level within a fund.

OTHER REPORTS



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

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

We have audited, in accordance with the 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 Development Act ("TDA") Fund and Measure K Fund, allocated for non-transit purposes, and the Transit Enterprise Fund (collectively "the Funds") of the City of Manteca, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control), as it relates to the Funds, as a basis for designing 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's internal control, as it relates to the Funds. Accordingly, we do not express an opinion on the effectiveness of the City'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, misstatements 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 entity's financial statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' 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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-003.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, relating to the Funds, and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance relating to the Funds. 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, as it relates to the Funds. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Sacramento, California
January 23, 2026



To the Board of Directors
 San Joaquin Council of Governments
 Stockton, California

To the City Council
 City of Manteca
 Manteca, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number

2024-001 – Balance Sheet Corrections

Evaluation of Finding

Material Weakness

Condition

During our audit procedures, we identified a material weakness in internal controls over financial reporting. Material balances were not properly accounted for in accounts payable, accounts receivable, and deferred inflows, which required significant audit adjustments to correct the balance sheet as of June 30, 2024. These adjustments related to the correction of expenses that were improperly excluded from accounts payable and activity related to TDA audit corrections noted in prior years for appropriate revenue recognition.

Accounts Payable:

- Transit Fund – \$2,380
- Measure K Fund – (\$15,362)
- TDA Fund – (\$63,234)

Accounts Receivable:

- Transit Fund – \$144,482
- Measure K Fund – \$4,492,861
- TDA Fund – \$1,529,030

Deferred Inflows:

- Transit Fund – \$2,421,695
- Measure K Fund – (\$4,492,861)
- TDA Fund – (\$1,529,030)

This resulted in a net impact of \$2,489,961 on balance sheet accounts provided to begin the audit, inclusive of equity impacts.

Criteria

Governmental Accounting Standards and generally accepted accounting principles (GAAP) require that transactions and balances be recorded in the proper period to ensure financial statements are fairly presented. Internal controls should provide reasonable assurance that revenues, expenses, receivables, payables, and related deferrals are complete, accurate, and recorded in the proper funds.

Cause of Condition

The deficiency was caused by gaps in the City’s year-end closing and review process. High staff turnover and limited oversight contributed to incomplete reconciliations of accounts receivable, accounts payable, and deferred inflows across funds. As a result, significant balances were misstated at year-end.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

Effect or Potential Effect of Condition

The misstatement of accounts payable, accounts receivable, and deferred inflows had the following potential impacts:

- Financial statements initially did not reflect the City's financial position until corrected through audit adjustments.
- Users of the financial statements, including oversight bodies and the public, may have relied on incomplete or inaccurate information.
- Increased risk of noncompliance with GAAP and governmental reporting standards.
- Possible reduction in confidence from stakeholders, rating agencies, or funding sources due to weaknesses in financial oversight.

Recommendation

We recommend the City strengthen its year-end closing and review process by:

- Establishing documented procedures for reviewing and reconciling accounts payable, accounts receivable, and deferred inflows at year-end.
- Assigning responsibility for cross-fund reconciliations to ensure transactions are recorded in the proper fund.
- Implementing a secondary review of all material balances and adjustments before financial statements are finalized.
- Providing training to finance staff on the importance of timely cut-off procedures and proper year-end accruals/deferrals.

These measures will help ensure that balance sheet accounts are accurately reported and reduce the risk of future material misstatements.

Repeat Finding

Yes, See City of Manteca's TDA fiscal year 2022-2023 report finding #2023-002.

Management Response

The city agrees with the finding. Staff turnover made this difficult; however, critical positions that were vacant within the department have been filled, which has helped alleviate some of these issues. Current staff recognizes the importance of proper recording to ensure financial statements are reflecting an accurate presentation of the City's financial position. Staff acknowledges the importance of timely cut-off procedures and ensures expenses and revenues are recorded in the proper fiscal year to reduce the need for audit adjustments. Additionally, staff are working on implementing a variance analysis to compare current year financial statements to prior year financial statements to identify and review variances on a regular basis. This has been corrected in fiscal year 2026.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

Reference Number

2024-002 – Transit Fund Capital Asset Conversion Errors

Evaluation of Finding

Material Weakness

Condition

During our audit procedures, we identified a material weakness in the internal controls over financial reporting related to the conversion of the Transit Fund from a special revenue fund to an enterprise fund. Specifically, capital asset balances were not properly rolled forward upon conversion, resulting in a material audit adjustment of \$965,974 to correct beginning capital asset balances.

Criteria

Government auditing standards, as outlined in the Generally Accepted Government Auditing Standards (GAGAS), require entities to maintain effective internal controls to ensure financial statements are complete and reliable. Governmental accounting standards further require proper reporting and tracking of capital assets, particularly during fund conversions or changes in classification. Controls should ensure that asset balances, including depreciation, are appropriately carried forward, recorded in the correct reporting period, and properly recognized in the current year.

Cause of Condition

High turnover within the City's finance department during the fiscal year impacted continuity in financial reporting processes, particularly during the Transit Fund's conversion from a special revenue fund to an enterprise fund. This turnover contributed to gaps in procedures and oversight related to capital asset accounting. Although capital asset information had historically been provided for TDA reporting, certain components—such as the rollover of beginning balances—were not fully carried forward into the City's enterprise fund reporting in FY24, resulting in misstatements that required adjustment during the audit.

Effect or Potential Effect of Condition

The issues related to capital asset accounting during the Transit Fund's conversion led to the following impacts:

- The financial statements did not fully reflect the City's accurate net position for the Transit Fund, resulting in material misstatements.
- There is an increased risk that similar misstatements could occur in future periods if reconciliation processes are not enhanced.
- Inaccurate financial information could affect the City's transparency and the confidence of oversight bodies and the public.



To the Board of Directors
 San Joaquin Council of Governments
 Stockton, California

To the City Council
 City of Manteca
 Manteca, California

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

Recommendation

To address this material weakness, we recommend the following actions:

- Develop and implement detailed procedures for fund conversions, ensuring all relevant balances (including capital assets) are properly reviewed and rolled forward.
- Establish a secondary review process to verify the completeness and accuracy of capital asset schedules during periods of significant change.
- Provide training for accounting personnel on enterprise fund reporting requirements, including the treatment of capital assets and depreciation.
- Perform periodic reconciliations of capital asset records to ensure they align with financial reporting.

Repeat Finding

Yes, See City of Manteca’s TDA fiscal year 2022-2023 report finding #2023-003.

Management Response

Staff has found that capital assets were not being categorized correctly in our ERP system. Additionally, the full reconciliation process was not done accurately due to training of staff and a delay in completing audits. The City is actively working on improving the capital asset process to ensure balances are accurate. These efforts will improve accuracy and strengthen reconciliations. This has been partially corrected in fiscal year 2025 and will be fully corrected in fiscal year 2026.

Reference Number

2024-003 – Submission of City’s TDA Financial Statements

Evaluation of Finding

Material Weakness and Material Noncompliance

Condition

The City did not submit its financial statements under the Transportation Development Act (TDA) by the required deadline of December 31st following the current fiscal year end, or no later than March 31st following the fiscal year end with an extension. The financial statements were submitted significantly past these deadlines.

Criteria

According to the Transportation Development Act, financial statements must be submitted:

- By December 31st following the end of the current fiscal year
- Or no later than March 31st following the end of the current fiscal year with an extension

These criteria ensure timely reporting and compliance with regulatory standards.

Cause of Condition

The late submission of the City’s financial statements was due to high employee turnover and the absence of documented policies regarding financial reporting requirements. As new staff joined the City, the lack of clear guidelines and procedures led to delays in finalizing the financial statements.

Effect or Potential Effect of Condition

The late submission of financial statements can have several negative impacts, including:

- Misleading information being provided to stakeholders
- Increased risk of non-compliance with regulatory requirements and financial reporting standards
- Potential financial discrepancies affecting the City’s relationships with vendors and granting agencies
- Loss of public trust and confidence in the City’s financial management



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

Recommendation

To address this material weakness and noncompliance, we recommend the following actions:

- Develop and implement comprehensive documented policies and procedures for financial reporting to provide clear guidelines for staff
- Ensure that all City positions involved in financial reporting are adequately staffed with qualified personnel
- Provide regular training for staff to familiarize them with the newly established policies and procedures
- Establish a robust review process to track adherence to documented policies and ensure timely and accurate submission of financial statements
- Regular monitoring and follow-up on the progress of financial statement preparation to ensure timely completion

We believe that these measures will help mitigate the risk of late submissions and enhance the reliability of the City's financial reporting under the Transportation Development Act.

Repeat Finding

Yes, See City of Manteca's TDA fiscal year 2022-2023 report finding #2023-004.

Management Response

Staff continues to evaluate processes and procedures to ensure a more timely and accurate close. Current staff ultimately understands the critical need for an annual year-end close schedule to ensure that closing entries are done in a timely manner. Staff has compiled a comprehensive and detailed year-end close schedule that assigns roles/responsibilities and timeframes for closing entries, annual filings, information gathering, etc. In addition, the audits have been scheduled and staff is working diligently to ensure these audits are completed on time.



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Manteca
Manteca, California

Report on Compliance with Transportation Development Act, Measure K, and Low Carbon Transit Operations Program Requirements

Opinion on Transportation Development Act, Measure K, and Low Carbon Transit Operations Program Compliance

We have audited the City of Manteca, California (the "City")'s compliance with Transportation Development Act ("TDA"), Measure K, and Low Carbon Transit Operations Program (LCTOP) requirements that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the TDA, Measure K, and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations (Code of Regulations) during the year ending June 30, 2024.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act Fund (TDA), Measure K and LCTOP Funds, allocated for non-transit purposes, and the Transit Enterprise Fund (collectively the "Funds") of the City for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance 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; the applicable statutes, rules, and regulations as required by the Code of Regulations. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of the Code of Regulations requirements applicable to the City's Funds.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Manteca
Manteca, California

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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; Government Auditing Standards; the applicable statutes, rules, and regulations of the Code of Regulations will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Code of Regulations that funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the Code of Regulations.

In performing an audit in accordance with GAAS; Government Auditing Standards; and the Code of Regulations, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the regulations of the Code of Regulations, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Code of Regulations, and which is described in the accompanying schedule of findings and responses as item 2024-003.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

LSL, LLP

Sacramento, California
January 23, 2026