



SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES

FOR THE YEAR ENDED JUNE 30, 2024

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

Focused
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SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES

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

For The Year Ended June 30, 2024

SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES

Independent Auditors' Reports, 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 Board of Supervisors
County of San Joaquin
Stockton, 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, (collectively the "Funds") of the County of San Joaquin, California (the "County"), as of and for the year ended June 30, 2024, 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 respective financial position of the Funds of the County, as of June 30, 2024, and the respective changes in financial position, 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 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 County 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 to the financial statements, these financial statements present only the Funds and do not purport to, and do not, present fairly the financial statements of the County as a whole, as of June 30, 2024, and the changes in its financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

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.



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

To the Board of Supervisors
County of San Joaquin
Stockton, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 County's internal control, as it relates 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 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 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 opinions on the basic financial statements are not affected by this missing information.



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

To the Board of Supervisors
County of San Joaquin
Stockton, California

Summarized Comparative Information

We have previously audited the Funds' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 27, 2023. In our opinion, the summarized comparative information presented herein as of the year ended June 30, 2023, 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 November 6, 2025, on our consideration of the County's internal control over financial reporting 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 Funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.

LSL, LLP

Sacramento, California
November 6, 2025

**SAN JOAQUIN COUNTY, 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 investments	\$ -	\$ 42,393,518	\$ 42,393,518	\$ 33,589,105
Due from other agencies	228,434	3,635,598	3,864,032	3,949,248
Total Assets	\$ 228,434	\$ 46,029,116	\$ 46,257,550	\$ 37,538,353
Liabilities, Deferred Inflows and Fund Balances:				
Liabilities:				
Due to other funds	\$ 110,444	\$ -	\$ 110,444	\$ 148,884
Total Liabilities	110,444	263,765	374,209	148,884
Deferred Inflows of Resources:				
Unavailable revenue - other	228,434	-	228,434	-
Total Deferred Inflows of Resources	228,434	-	228,434	-
Fund Balances:				
Restricted	(110,444)	45,765,351	45,654,907	37,389,469
Total Fund Balances	(110,444)	45,765,351	45,654,907	37,389,469
Total Liabilities, Deferred Inflows and Fund Balance	\$ 228,434	\$ 46,029,116	\$ 46,257,550	\$ 37,538,353

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

SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Statement of Revenues, Expenses, 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:				
Pedestrian and bicycle	\$ -	\$ -	\$ -	\$ 294,523
Measure K Fund:				
Local street repair	-	12,857,929	12,857,929	12,568,815
Local street repair (safety)	-	2,093,150	2,093,150	2,045,863
Pedestrian and bicycle	-	25,539	25,539	210,792
Congestion relief	-	-	-	3,003,782
Smart growth	-	129,440	129,440	15,049
Total Revenues	-	15,106,058	15,106,058	18,138,824
Expenditures:				
Street and road maintenance	-	5,003,809	5,003,809	12,439,262
Pedestrian and bicycle projects	256,083	132,069	388,152	494,174
Congestion relief	-	-	-	-
Total Expenditures	256,083	5,135,878	5,391,961	12,933,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	(256,083)	9,970,180	9,714,097	5,205,388
Fund Balances, Beginning of Year	145,639	37,243,830	37,389,469	32,184,081
Restatement - correction of an error	-	(1,448,659)	(1,448,659)	-
Fund Balances, Beginning of Year, as restated	145,639	35,795,171	35,940,810	32,184,081
Fund Balances, End of Year	\$ (110,444)	\$ 45,765,351	\$ 45,654,907	\$ 37,389,469

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

**SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Notes to Financial Statements
For the Year Ended June 30, 2024**

NOTE 1: ORGANIZATION

San Joaquin County (County) receives funds under the provisions of the Transportation Development Act (TDA) from the San Joaquin County Local Transportation Fund (LTF) under Article 3, Section 99234 for pedestrian and bicycle facilities. These funds represent amounts set aside by the San Joaquin Council of Governments (SJCOG), the transportation planning agency administering TDA funds, to be allocated for pedestrian and bicycle facilities within the jurisdictions of the County and represent up to 2% of the available funds countywide. The County Road Fund is used to account for these TDA funds received by the County for non-transit purposes, which are reflected in these financial statements of the TDA Fund.

The County also receives funds from an ordinance (Measure K) passed by the 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 thirty-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 County Road Fund is also used to account for these funds, reflected in these financial statements of the Measure K Fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the County's TDA and Measure K Funds have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government 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 are intended to present the financial position and results of operations of only those transactions recorded in the County's TDA and Measure K Funds. These funds are included in the financial statements of the County.

C. Fund Accounting

The accounts of the TDA and Measure K Funds are organized on the basis of funds or account groups. A fund or account group is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

D. The County

Utilizes the special revenue fund type of the governmental fund group to account for the activities of the TDA and Measure K Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purpose.

E. Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting.

**SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Notes to Financial Statements
For the Year Ended June 30, 2024**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The receivables and payables are classified as “due from other agencies” and “due to other agencies” on the balance sheet. The “due from other agencies” represents expenditures incurred by the County’s Road Fund on behalf of the Measure K Fund.

G. Fund Balance

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

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 constitutional provisions or enabling legislation.

H. 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 TDA and Measure K Funds allocated for non-transit purposes.

I. Use of Estimates

The preparation of financial statements in conformity 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.

NOTE 3: CASH AND CASH EQUIVALENTS

The cash and investment balances for the TDA and Measure K Funds are held in the County’s cash and investment pool. The County 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 County’s cash management pool are available on demand to the County’s TDA and Measure K Funds and are stated at fair value. Information regarding categorization of investments can be found in the County’s financial statements.

NOTE 4: PRIOR PERIOD ADJUSTMENT

During the 2024 audit there was a correction made to account for accounts payable and adjust for impacts against the beginning equity and current year expenditure activity, as appropriate. The prior period adjustment to June 30, 2023 was made as follows:

Fund	June 30, 2023		June 30, 2023 As Restated
	As Previously Reported	Correct Expenditure Activity Recognized	
Measure K	\$ 37,243,830	\$ (1,448,659)	\$ 35,795,171

**SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Notes to Financial Statements
For the Year Ended June 30, 2024**

NOTE 5: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 6, 2025, the date these financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local Transportation Fund:				
Pedestrian and bicycle	\$ 125,000	\$ 125,000	\$ -	\$ (125,000)
Total Revenues	125,000	125,000	-	(125,000)
Expenditures:				
Pedestrian and bicycle projects	460,811	460,811	256,083	204,728
Total Expenditures	460,811	460,811	256,083	204,728
Deficiency of Revenues Under Expenditures	\$ (335,811)	\$ (335,811)	(256,083)	\$ 79,728
Fund Balances, Beginning of Year			145,639	
Fund Balances, End of Year			\$ (110,444)	

SAN JOAQUIN COUNTY, CALIFORNIA
MEASURE K FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Measure K Fund:				
Local street repair	\$ 11,633,288	\$ 11,633,288	\$ 12,857,929	\$ 1,224,641
Local street repair (safety)	1,900,000	1,900,000	2,093,150	193,150
Pedestrian and bicycle	-	-	25,539	25,539
Smarth growth	80,000	80,000	129,440	49,440
Total Revenues	13,613,288	13,613,288	15,106,058	1,492,770
Expenditures:				
Street and road maintenance	6,709,616	6,709,616	5,003,809	1,705,807
Pedestrian and bicycle projects	-	-	132,069	(132,069)
Total Expenditures	6,709,616	6,709,616	5,135,878	1,573,738
Excess of Revenues Over Expenditures	<u>\$ 6,903,672</u>	<u>\$ 6,903,672</u>	<u>9,970,180</u>	<u>\$ 3,066,508</u>
Fund Balances, Beginning of Year			37,243,830	
Restatements			(1,448,659)	
Fund Balances, Beginning of Year, as restated			<u>35,795,171</u>	
Fund Balances, End of Year			<u>\$ 45,765,351</u>	

**SAN JOAQUIN COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Notes to 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) and Measure K Funds allocated for non-transit purposes of San Joaquin County. All appropriations lapse at year-end. The appropriate budget is prepared by department, function, and fund. The San Joaquin County Administrator may make transfers of appropriations between departments within a fund up to an amount approved for designated authority by the Board of Supervisors; however, any revisions that alter the total appropriations of any fund must be approved by the Board of Supervisors.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, expenditures exceeded appropriations in the Measure K Fund pedestrian and bicycle projects expenditures (the legal level of budgetary control), by \$132,069.



INDEPENDENT AUDITOR'S 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 Board of Supervisors
County of San Joaquin
Stockton, 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, (collectively the "Funds") of the County of San Joaquin, California (the "County"), 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 November 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control, as it relates to the Funds. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.



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

To the Board of Supervisors
County of San Joaquin
Stockton, 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 2024-001.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The County'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 and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance, as it relates to the Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Sacramento, California
November 6, 2025



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

To the Board of Supervisors
County of San Joaquin
Stockton, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number

2024-001 – Late Submission of County’s TDA Financial Statements

Evaluation of Finding

Material Weakness and Material Noncompliance

Condition

The County 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 County’s financial statements was due to employee turnover, resulting in delayed completion of the TDA audit.

Effect or Potential Effect of Condition

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

- Increased risk of non-compliance with regulatory requirements and financial reporting standards
- Loss of public trust and confidence in the County's financial management

Recommendation

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

- Review process to track adherence to documented policies and ensure timely and accurate submission of financial statements for potential updates due to staff turnover.
- Provide regular training for staff to familiarize them with established policies and procedures.
- 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 County’s financial reporting under the Transportation Development Act.

Management Response

The delay for fiscal year 2024 was attributed to ensuring the appropriate inclusion of expense and accounts payable activity as of June 30, 2024. Therefore, the County agrees with this finding.

We will follow the recommendations to review the process and ensure timely and accurate submission of financial statements, provide regular staff training, and regular monitoring and follow-up on the progress of preparation.



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

To the Board of Supervisors
County of San Joaquin
Stockton, California

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

Reference Number

2024-002 – Recognition of Expenditure Activity

Evaluation of Finding

Significant Deficiency

Criteria

Management is responsible for the preparation and fair presentation, as well as the accuracy of its financial statements, including disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This includes proper recording of expenditures in accordance with Generally Accepted Accounting Principles (GAAP).

Condition

Our audit found that some transactions from fiscal year 2023 were incorrectly recorded as 2024 activity. These transactions had invoices dated and paid after June 30, 2023, specifically in August and September, leading to recognition in the wrong fiscal year.

Cause of Condition

The County experienced a delay in the rollover and evaluation of purchase orders during fiscal year 2023. The identified transactions had purchase orders opened before June 30, 2023, but were carried over into fiscal year 2024.

Effect or Potential Effect of Condition

Accounts payable and expenditures were factually understated as of June 30, 2023, and expenditures provided to begin the audit were overstated for fiscal year 2024, however, there is no change in reported equity as of June 30, 2024.

Recommendation

We recommend the County enhance oversight for prompt invoice submission to Finance and establish controls to ensure late-paid invoices are accurately accrued and reconciled to support activity reported within the TDA financial statements by fiscal year.

Management Response

Finance will implement the following steps/process citywide:

1. Finance will monitor department folders and notify them when invoices have not been taken from their folders in a timely manner.
2. Finance will send out reminders to the departments prior to yearend to contact vendors to request all invoices and during yearend closing continue to follow up on delinquent invoices.
3. Finance will review and accrue invoices pertaining to the prior fiscal year for services/goods received prior to June 30.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

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

To the Board of Supervisors
County of San Joaquin
Stockton, California

Report on Compliance

Opinion on Compliance for Transportation Development Act and Measure K Program Requirements

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

In our opinion, the County 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 and Measure K Fund, allocated for non-transit purposes, (collectively the "Funds") of the County 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 of the TDA and Measure K; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by the Code of Regulations. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County 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 audit opinion. Our audit does not provide a legal determination of the County'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 TDA and Measure K requirements applicable to the County's Funds.



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

To the Board of Supervisors
County of San Joaquin
Stockton, California

Auditor's 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 County'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 TDA and Measure K; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by 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 County's compliance with the requirements of the TDA and Measure K requirements that funds allocated to and received by the County were expended in conformance with applicable statutes, rules, and regulations of the TDA and Measure K; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by the Code of Regulations.

In performing an audit in accordance with GAAS; *Government Auditing Standards*; the applicable statutes, rules, and regulations of the TDA and Measure K; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by 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 County'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 County'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 Code of Regulations, but not for the purpose of expressing an opinion on the effectiveness of the County'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 questioned costs as item 2024-001.

Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County'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.



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

To the Board of Supervisors
County of San Joaquin
Stockton, California

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
November 6, 2025