



CITY OF LATHROP
TRANSPORTATION DEVELOPMENT ACT AND
MEASUREMENT 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, 2025

Focused
on YOU



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

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

For the Year Ended June 30, 2025

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

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

For Year Ended June 30, 2025

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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 Lathrop
Lathrop, California

Report on the Financial Statements

Opinions

We have audited the accompanying 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 Lathrop, California, (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the financial statements of the Funds 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 as of June 30, 2025, 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, related interest receivable and related interfund activity with other City funds, represented within the Funds as of June 30, 2025. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for cash balances and entity 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the City as a whole, as of June 30, 2025, 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.



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

To the City Council
City of Lathrop
Lathrop, California

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS 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 Funds internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 opinion on the basic financial statements is not affected by this missing information.



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

To the City Council
City of Lathrop
Lathrop, California

Summarized Comparative Information

We have previously audited the financial statements of the Funds for the year ended June 30, 2024, and expressed an unmodified audit opinion on those financial statements in our report dated March 3, 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 December 23, 2025, on our consideration of the City'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 City's 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 City internal control over financial reporting and compliance as it relates to the Funds.

LSL, LLP

Sacramento, California
December 23, 2025

CITY OF LATHROP, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES
Balance Sheets
For the Year Ended June 30, 2025, with Comparative Totals

	Transportation Development Act Fund	Measure K Fund	Totals	
			2025	2024
Assets:				
Cash and investments	\$ 1,413,046	\$ 283,951	\$ 1,696,997	\$ 694,006
Interest receivable	3,198	972	4,170	5,336
Intergovernmental receivable	54,576	220,098	274,674	1,360,435
Total Assets	\$ 1,470,820	\$ 505,021	\$ 1,975,841	\$ 2,059,777
Deferred Inflows and Fund Balances:				
Deferred inflows:				
Unavailable revenues	\$ -	\$ -	\$ -	\$ 1,069,533
Total deferred inflows	-	-	-	1,069,533
Fund balances:				
Restricted	1,470,820	505,021	1,975,841	990,244
Total fund balances	1,470,820	505,021	1,975,841	990,244
Total Deferred Inflows and Fund Balances	\$ 1,470,820	\$ 505,021	\$ 1,975,841	\$ 2,059,777

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

CITY OF LATHROP, 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, 2025, with Comparative Totals

	Transportation Development Act Fund	Measure K Fund	Totals	
			2025	2024
Revenues:				
Local Transportation Fund:				
Streets and roads	\$ 1,069,533	\$ -	\$ 1,069,533	\$ 830,467
Pedestrian and bicycle	54,576	-	54,576	47,240
Measure K Fund:				
Local street repair	-	816,890	816,890	827,245
Local street repair (safety)	-	132,982	132,982	-
Pedestrian and bicycle	-	131,288	131,288	98,510
Smart Growth	-	-	-	1,001,000
Investment earnings	62,708	34,299	97,007	59,065
Total Revenues	1,186,817	1,115,459	2,302,276	2,863,527
Expenditures:				
Street and road maintenance	185,391	1,131,288	1,316,679	3,307,648
Total Expenditures	185,391	1,131,288	1,316,679	3,307,648
Net Change in Fund Balances	1,001,426	(15,829)	985,597	(444,121)
Fund Balances, Beginning of Year	469,394	520,850	990,244	1,434,365
Fund Balances, End of Year	\$ 1,470,820	\$ 505,021	\$ 1,975,841	\$ 990,244

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

**CITY OF LATHROP, CALIFORNIA
TRANSIT ENTERPRISE FUND
Statement of Net Position
For the Year Ended June 30, 2025, with Comparative Totals**

	<u>2025</u>	<u>2024</u>
Assets:		
Current Assets:		
Cash and investments	\$ 1,792,805	\$ 2,318,356
Accrued interest receivable	4,511	2,711
Total Current Assets	<u>1,797,316</u>	<u>2,321,067</u>
Total Assets	<u>1,797,316</u>	<u>2,321,067</u>
Liabilities and Net Position:		
Liabilities:		
Accounts payable	29,247	-
Total Liabilities	<u>29,247</u>	<u>-</u>
Net Position:		
Restricted net position	<u>1,768,069</u>	<u>2,321,067</u>
Total Net Position	<u>\$ 1,768,069</u>	<u>\$ 2,321,067</u>

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

**CITY OF LATHROP, CALIFORNIA
TRANSIT ENTERPRISE FUND
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2025, with Comparative Totals**

	<u>2025</u>	<u>2024</u>
Operating Expenses:		
Special contracts	\$ 439,889	\$ -
Loss on disposal of capital asset	-	2,614
Total Operating Expenses	<u>439,889</u>	<u>2,614</u>
Operating Income (Loss)	<u>(439,889)</u>	<u>(2,614)</u>
Nonoperating Revenues:		
Local transportation funds	-	1,617,867
Interest	105,693	28,583
Total Nonoperating Revenues	<u>105,693</u>	<u>1,646,450</u>
Nonoperating Expenses:		
Transfers Out	218,802	-
Total Nonoperating Expenses	<u>218,802</u>	<u>-</u>
Change in Net Position	(552,998)	1,643,836
Net Position, Beginning of Year	2,321,067	677,231
Net Position, End of Year	<u><u>\$ 1,768,069</u></u>	<u><u>\$ 2,321,067</u></u>

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

**CITY OF LATHROP, CALIFORNIA
TRANSIT ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended June 30, 2025, with Comparative Totals**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Expenses	\$ (410,642)	\$ -
Net Cash Used for Operating Activities	<u>(410,642)</u>	<u>-</u>
Cash Flows from Non Capital Financing Activities		
Local transportation funds	\$ -	\$ 2,088,386
Net Cash Used by Non-Capital Financing Activities	<u>-</u>	<u>2,088,386</u>
Cash Flows from Investing Activities:		
Transfers	(218,802)	-
Interest received	103,893	26,308
Net Cash Provided by Investing Activities	<u>(114,909)</u>	<u>26,308</u>
Net Decrease in Cash and Cash Equivalents	(114,909)	2,114,694
Cash and Cash Equivalents, Beginning of Year	2,318,356	203,662
Cash and Cash Equivalents, End of Year	<u>\$ 1,792,805</u>	<u>\$ 2,318,356</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:		
Operating loss	\$ (439,889)	\$ (2,614)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Loss on disposal of capital asset	-	2,614
Changes in Assets		
Increase in liabilities		
Accounts payable	29,247	-
Total Adjustments	29,247	2,614
Net Cash Provided (Used) for Operating Activities	<u>\$ (410,642)</u>	<u>\$ -</u>
Noncash Items:		
Recognition of loss on disposal of capital asset	\$ -	\$ 2,614

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

**CITY OF LATHROP, 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, 2025**

NOTE 1: ORGANIZATION

The City of Lathrop (City) receives funds under the provisions of the TDA (TDA) from the San Joaquin County Local Transportation Fund (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 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's Article 8 LTF dollars are now shifting to public transit as approved by the Board September of 2019. In alignment with this decision, it was collectively agreed upon that the funding previously allocated for Streets and Roads through the LTF program will undergo a phased-out reduction. The transition is part of a strategy to prioritize and enhance public transit infrastructure within our community. The phase out period began in FY21-22 and will result in each City claiming LTF dollars for transit.

The City provides streets and road services, which is reflected in these financial statements of the Transit Enterprise Fund.

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. The 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 active transportation, passenger rail, and bus services as alternatives to travel by automobile. The City's Measure K Fund is used to account for these funds, which is 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 TDA and Measure K Funds, allocated for non-transit purposes, and Transit Enterprise Fund (collectively, the Funds) of the City have been prepared in accordance 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 present only the Funds of the City and are not intended to present fairly the financial position of the City and the changes in its financial position and 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 LATHROP, 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, 2025**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The TDA and Measure K Funds 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 the 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 classified as an enterprise fund 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 unearned revenue on its statement of net position as TDA advances. 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 TDA 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 statements of cash flows, all enterprise fund cash on hand and in the pool is considered cash and cash equivalents.

F. 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.

**CITY OF LATHROP, 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, 2025**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all capital assets in the Transit Enterprise Fund is computed using the straight-line method over their estimated useful lives. The estimated useful life of the bus shelter is 25 years.

G. Net Position/Fund Balance

The financial statements of the enterprise fund utilize a net position presentation. At June 30, 2025, 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. As such, 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. At June 30, 2025, 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. Grants

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

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.

J. 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's Funds.

K. Contingencies

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

**CITY OF LATHROP, 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, 2025**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City is 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.

NOTE 3: CASH AND CASH EQUIVALENTS

The cash and investment balances for the City’s Funds 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’s Funds and are stated at fair value. Information regarding categorization of investments can be found in the City’s financial statements.

NOTE 4: CAPITAL ASSETS

At June 30, 2025 capital assets consisted of the following:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Bus Shelter	\$ 51,120	\$ -	\$ -	\$ 51,120
Less: Accumulated depreciation	(51,120)	-	-	(51,120)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5: SUBSEQUENT EVENTS

All subsequent events have been evaluated through December 23, 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

**CITY OF LATHROP, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local Transportation Fund:				
Streets and roads	\$ (2,237,470)	\$ (2,237,470)	\$ 1,069,533	\$ 3,307,003
Pedestrian and bicycle	(95,886)	(95,886)	54,576	150,462
Investment earnings	-	-	62,708	62,708
Total Revenues	<u>(2,333,356)</u>	<u>(2,333,356)</u>	<u>1,186,817</u>	<u>3,520,173</u>
Expenditures:				
Street and road maintenance	1,682,906	1,682,906	185,391	1,497,515
Total Expenditures	<u>1,682,906</u>	<u>1,682,906</u>	<u>185,391</u>	<u>1,497,515</u>
Net Change in Fund Balances	<u>\$ (4,016,262)</u>	<u>\$ (4,016,262)</u>	1,001,426	<u>\$ 2,022,658</u>
Fund Balances, Beginning of Year			<u>469,394</u>	
Fund Balances, End of Year			<u>\$ 1,470,820</u>	

**CITY OF LATHROP, CALIFORNIA
 MEASURE K FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2025**

	<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	\$ (1,934,908)	\$ (1,934,908)	\$ 816,890	\$ 2,751,798
Local street repair (safety)	-	-	132,982	132,982
Pedestrian and bicycle	-	-	131,288	131,288
Investment earnings	-	-	34,299	34,299
Total Revenues	<u>(1,934,908)</u>	<u>(1,934,908)</u>	<u>1,115,459</u>	<u>3,050,367</u>
Expenditures:				
Street and road maintenance	2,156,796	2,156,796	1,131,288	1,025,508
Total Expenditures	<u>2,156,796</u>	<u>2,156,796</u>	<u>1,131,288</u>	<u>1,025,508</u>
Net Change in Fund Balances	<u>\$ (4,091,704)</u>	<u>\$ (4,091,704)</u>	(15,829)	<u>\$ 2,024,859</u>
Fund Balances, Beginning of Year			<u>520,850</u>	
Fund Balances, End of Year			<u>\$ 505,021</u>	

**CITY OF LATHROP, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT AND MEASURE K FUNDS
NON-TRANSIT PURPOSES AND TRANSIT ENTERPRISE FUND
Note to the Required Supplementary Information
For the Year Ended June 30, 2025**

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 TDA and Measure K Funds. 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 City Council
San Joaquin Council of Governments
Stockton, California

To the City Council
City of Lathrop
Lathrop, 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 Lathrop, California, (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2025.

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. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the City Council
San Joaquin Council of Governments
Stockton, California

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

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 City'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 City's internal control and compliance in relation to the Funds. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Sacramento, California
December 23, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the City Council
San Joaquin Council of Governments
Stockton, California

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

Report on Compliance with Transportation Development Act and Measure K Requirements

Opinion on Transportation Development Act and Measure K Compliance

We have audited the City of Lathrop, California (the "City")'s compliance with Transportation Development Act ("TDA") and Measure K requirements that funds allocated to and received by the City 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 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations, (collectively the "Code of Regulations"), during the year ending June 30, 2025.

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 City for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 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 audit opinion. 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 Funds.



To the City Council
San Joaquin Council of Governments
Stockton, California

To the Members of the City Council
City of Lathrop
Lathrop, 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*; and 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.

In performing an audit in accordance with GAAS; *Government Auditing Standards*; the applicable statutes, rules, and regulations of 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 applicable statutes, rules, and 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.

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
December 23, 2025