

**CITY OF MANTECA**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**CITY OF MANTECA**  
**SINGLE AUDIT REPORT**  
**For the Year Ended June 30, 2024**

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**CITY OF MANTECA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified?   X   Yes        None Reported

Noncompliance material to financial statements noted?   X   Yes        No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified?   X   Yes        None Reported

Type of auditor’s report issued on compliance for major federal programs: Qualified (21.027)  
Unmodified (20.205,  
20.507)

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   Yes        No

Identification of major program(s):

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
<u>20.205</u>	<u>Highway Planning and Construction (Federal-Aid Highway Program)</u>
<u>20.507</u>	<u>COVID-19 – Federal Transit Cluster</u>
<u>21.027</u>	<u>COVID-19 – Coronavirus State and Local Fiscal Recovery Funds</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?        Yes   X   No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit disclosed significant deficiencies and material weaknesses, and instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated May 22, 2025, which is an integral part of our audits and should be read in conjunction with this report.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit disclosed the following findings and questioned costs required to be reported in accordance with Uniform Guidance.

**Finding #SA2024-001                      Cash Management and Accuracy of Federal Financial Reports**

**Assistance Listing Number:** 20.507  
**Assistance Listing Title:** COVID-19 – Federal Transit Formula Grants (Urbanized Area Formula Program) – Federal Transit Cluster  
**Name of Federal Agency:** Department of Transportation  
**Federal Award Identification Number:** CA-2022-083-00

**Criteria:** The 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Related to these requirements, the City should submit drawdown requests to the Department of Transportation throughout the fiscal year as costs are incurred and Federal Financial Reports should agree with those drawdown requests and supporting accounting records. Drawdown requests should be completed at least quarterly, depending on the volume of program activity, to improve the cash management for the program and to match expenditures with associated revenues throughout the fiscal year. In addition, since the grant is on a reimbursement basis, expenditures should generally be incurred prior to requesting reimbursement from the Department of Transportation unless specifically authorized by the grantor, and costs included in the Federal Financial Reports should be the same as those included in requests for reimbursement.

**Condition:** During our review of the Federal Financial Reports related to grant CA-2022-083-00, we noted that for the first quarter of fiscal year 2024, the report included expenditures in the amount of \$364,837, but the City only requested reimbursement in the amount of \$265,281 during that same time period.

In addition to our review of the Federal Financial Reports, we also reviewed the timing of expenditures in relation to the associated reimbursement requests and noted that for both of the grants listed above, the City did not file for and receive reimbursement for the associated grant expenditures until four to over eight months after the activity took place. The grant drawdowns took place as follows:

<b>Period of Federal Expenditures</b>	<b>Date of Filing for Reimbursement</b>
July 1, 2023 to September 30, 2023	May 20, 2024
October 1, 2023 to December 31, 2023	May 20, 2024
January 1, 2024 to March 31, 2024	September 9, 2024
April 1, 2024 to June 30, 2024	November 25, 2024

**Cause:** We understand that the City fell behind on drawing down grant funds on a timely basis due to employee turnover and this in turn caused the inaccuracies in the Federal Financial Reports.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)****Finding #SA2024-001 Cash Management and Accuracy of Federal Financial Reports (Continued)**

**Effect:** The City is not in compliance with the internal control requirements of 2 CFR Section 200.303. The City is not matching expenditures with associated grant revenues throughout the fiscal year by filing timely reimbursement requests as expenditures are incurred and is at risk of filing a reimbursement request after the filing deadlines of the grant. In addition, the late filing of reimbursement requests resulted in inaccurate Federal Financial Reporting to the grantor.

**Recommendation:** The City must develop procedures to ensure grant reports are accurate and agree with supporting accounting records prior to being submitted to the grantor. The City must also develop procedures to ensure that all grant-funded expenditures are included on drawdown requests and those requests should be prepared at least quarterly throughout the fiscal year.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

**Finding #SA2024-002 Compliance with Grant Documentation Requirements**

**Assistance Listing Number:** 21.027  
**Assistance Listing Title:** COVID-19 – Coronavirus State and Local Fiscal Recovery Funds  
**Name of Federal Agency:** Department of Treasury  
**Pass Through Entity:** California State Water Resources Control Board  
**Federal Award Identification Number:** A-00216-01

**Criteria:** The California Extended Water and Wastewater Arrearage Payment Program Guidelines include the following requirements:

- Section F.2.1, *Notification to Customers* requires that the City must make best efforts to notify customers that they have applied for arrearage assistance from the State Water Board, and that this funding may be applied to customer debt accrued during the COVID-19 pandemic relief period, or the modified COVID-19 pandemic relief period, whichever is appropriate. Best efforts include notices on internet webpages, notices on social media sites, and signage at offices or payment centers.

The modified COVID-19 pandemic relief period is the period beginning with the first billing period on or after June 16, 2021, that does not contain June 15, 2021, to December 31, 2022, inclusive, and includes any customer billing period that includes these dates.

**Condition:** We selected forty customer credits (water and wastewater) for testing of the documentation of the date the credit was calculated. Although we understand the City calculated the customer arrearages and credits to be applied based on the total amount due from June 16, 2021 through December 31, 2022, City staff was unable to locate documentation to show the actual dates the credits were calculated for each customer and how the credits applied were calculated.

**Cause:** We understand that the documentation of how the customer credits were calculated, including the period covered by the credit, could not be located due to staff turnover and due to the approach of the adjustments being entered manually into the system by one staff member.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)****Finding #SA2024-002****Compliance with Grant Documentation Requirements (Continued)**

**Questioned Costs:** We question costs of \$660,387, which consists of the amounts charged to the Arrearage Program, because we were unable to verify the dates the credits were calculated.

**Effect:** The City is not in compliance with the terms and conditions of the California Arrearage Payment Programs related to Notification of Customer Credits and Payment Plans.

**Recommendation:** The City should determine if reports can be generated from the utility billing system to show the amounts due from the customers during the eligible period of June 16, 2021 through December 31, 2022 and how the customer credits were calculated. In addition, the City must develop procedures to ensure compliance with all grant award terms and conditions and retain documentation to demonstrate such compliance until the grantor has closed-out the grant award program.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

**Finding #SA2024-003****Compliance with Grant Reporting Deadlines**

**Assistance Listing Number:** 21.027

**Assistance Listing Title:** COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

**Name of Federal Agency:** Department of Treasury

**Pass Through Entity:** California State Water Resources Control Board

**Federal Award Identification Number:** A-00216-01

**Criteria:** The award terms and conditions of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) agreement with the Department of the Treasury requires that the City “agrees to comply with any reporting obligations established by Treasury as they relate to this award.” The SLFRF Compliance and Reporting Guidance require the filing of a quarterly Project and Expenditure Report that is due by the end of the month following each quarter.

**Condition:** We selected the Q4 2023 (October–December 2023) and Q2 2024 (April–June 2024) Project and Expenditure Reports for testing of timely filing. Although we noted the Q2 2024 report was filed timely on July 31, 2024, the Q4 2023 report was filed on March 4, 2024, which was not timely.

**Cause:** Due to staffing shortages, the City was not able to complete reporting timely.

**Effect:** The City is not in compliance with the award terms and conditions of the CSLFRF program.

**Recommendation:** The City must develop procedures to ensure compliance with the timely reporting provisions of the grant award terms and conditions and the SLFRF Compliance and Reporting Guidance.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.



**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)****Finding #SA2024-004****Compliance with Procurement Requirements**

**Assistance Listing Number:** 21.027  
**Assistance Listing Title:** COVID-19 – Coronavirus State and Local Fiscal Recovery Funds  
**Name of Federal Agency:** Department of Treasury  
**Pass Through Entity:** California State Water Resources Control Board  
**Federal Award Identification Number:** A-00216-01

**Criteria:** Section I, Procurement and Suspension and Debarment, of the May 2024 OMB Compliance Supplement includes the following:

In July 2022, Treasury released Final Rule FAQ 13.15, which explains that only a subset of the requirements in Subparts D and E of the Uniform Guidance apply to recipients' use of award funds under the revenue loss eligible use category. The requirements of 2 CFR sections 200.318 through 200.327 are not included in the list of requirements applicable to such funds.

The FAQ 13.15 referenced indicates "In general, these requirements provide that recipients should not deviate from their established practices and policies regarding the incurrence of costs, and that they should expend and account for the funds in accordance with laws and procedures for expending and accounting for the recipient's own funds."

**Condition:** We selected seven services and supplies transactions under the revenue loss category to test for allowability under the program and compliance with the City's procurement policies and noted two vehicle purchases in the amounts of \$60,762 and \$54,383 were accompanied by sole source purchase documentation, in lieu of formal bidding, but the sole source forms were not signed as approved by the Department Director.

**Cause:** We understand City staff could not locate the authorized forms for the two vehicle purchases.

**Effect:** The City is not in compliance with the procurement requirements of the CSLFRF program.

**Recommendation:** The City must develop procedures to ensure that the procurement files contain documentation to demonstrate compliance with the bidding/quote, contract and sole source requirements, as well as City Council approval requirements, to ensure compliance not only with its own policies, but with the procurement requirements of the CSLFRF grant.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

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# ATTACHMENT 1

## CITY OF MANTECA

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Fiscal Year Ended June 30, 2024

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Identifying Number</b>	<b>Pass-Through To Subrecipients</b>	<b>Federal Expenditures</b>
Department of Housing and Urban Development <b>Pass-Through</b> Program From: San Joaquin County Community Development Department CDBG – Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants Program Expenditures	14.218	A-93-916	\$51,148	\$375,300
Department of Justice <b>Direct Program</b> Edward Byrne Memorial Justice Assistance Grant Program	16.738			18,501
Department of Transportation <b>Direct</b> Programs Federal Transit Administration Federal Transit Cluster Federal Transit-Formula Grants (Urbanized Area Formula Program) COVID 19 - Operating Assistance - CARES	20.507			2,814,154
Department of Transportation <b>Pass-Through</b> Programs From: State of California Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program) Retroreflective Traffic Sign Project Traffic Signal Update Main Street: Northgate to Alameda Yosemite Avenue: Walnut to Main	20.205 20.205 20.205 20.205	HSIPL 5242(033) HSIPL 5242(034) HSIPL-5242(035) HSIPL-5242(036)		612,836 26,673 161,531 3,272
Program Subtotal				804,312
State of California Office of Traffic Safety State and Community Highway Safety (Highway Safety Cluster) Selective Traffic Enforcement Program (STEP) Selective Traffic Enforcement Program (STEP)	20.600 20.600	PT 23129 PT 24112		25,299 44,302
Cluster Subtotal				69,601
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Selective Traffic Enforcement Program (STEP) Selective Traffic Enforcement Program (STEP)	20.608 20.608	PT 23129 PT 24112		21,607 30,918
Program Subtotal				52,525
<b>Total Department of Transportation</b>				3,740,592
Department of the Treasury <b>Direct Program</b> <b>Direct Program:</b> COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			3,022,378
<b>Pass-Through Program from:</b> California State Water Resources Control Board COVID 19 - Coronavirus State and Local Fiscal Recovery Funds California Water and Wastewater Arrearage Payment Program	21.027	A-00216-01		660,387
<b>Total Department of the Treasury</b>				3,682,765
Department of Homeland Security <b>Direct Program</b> Staffing for Adequate Fire and Emergency Responses (SAFER)	97.083			12,229
<b>Total Expenditures of Federal Awards</b>			<b>\$51,148</b>	<b>\$7,829,387</b>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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**CITY OF MANTECA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024**

**NOTE 1 – REPORTING ENTITY**

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Manteca, California, and its component units as disclosed in the notes to the Basic Financial Statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

**NOTE 3 – INDIRECT COST ELECTION**

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the Honorable Members of the City Council  
City of 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manteca 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 May 22, 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 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.

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 discussed below, we did identify 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies as listed on the Schedule of Material Weaknesses included as part of our separately issued Memorandum on Internal Control dated May 22, 2025 to be material weaknesses, which is an integral part of our audit and should be read in conjunction with this report.

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 deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated May 22, 2025 to be significant deficiencies, which is an integral part of our audit and should be read in conjunction with this report.

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed as finding 2024-002 in our separately issued Memorandum on Internal Control dated May 22, 2025, which is an integral part of our audit and should be read in conjunction with this report.

## ***City's Response to Findings***

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in our separately issued Memorandum on Internal Control dated May 22, 2025, which is an integral part of our audit and should be read in conjunction with this report. 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 and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California  
May 22, 2025



**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
AND ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited the City of Manteca's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on COVID 19 - State and Local Fiscal Recovery Funds (AL#21.027) Program***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID 19 – Coronavirus State and Local Fiscal Recovery Funds (AL#21.027) Program for the year ended June 30, 2024.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2024.

***Basis for Qualified and Unmodified Opinions***

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

## *Matter(s) Giving Rise to Qualified Opinion on COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (AL#21.027) Program*

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (AL#21.027) Program for allowable costs as described in finding number SA2024-002.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

### ***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 contracts or grant agreements applicable to the City's federal programs.

### ***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 occurred, 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 Uniform Guidance 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Uniform Guidance, 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 other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items SA2024-001, SA2024-003 and SA2024-004. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. 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.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item SA2024-002 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items SA2024-001 and SA2024-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 22, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.



Pleasant Hill, California  
November 25, 2025