



City of Torrance, California
Single Audit Report
Year Ended June 30, 2021
With Independent Auditor's Report

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with Independent Auditor's Report

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**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***

**The Honorable Mayor and the Members of the City Council
City of Torrance
Torrance, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrance, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2021.

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.

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 may exist that have not been identified.



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

Purpose of this Report

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

**Glendale, California
December 23, 2022**



Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control Over Compliance; and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**The Honorable Mayor and the Members of the City Council
City of Torrance
Torrance, California**

Report on Compliance for Each Major Federal Program

We have audited the City of Torrance, California's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.



Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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. 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.

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

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 the 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 fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 23, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. 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 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.

Vasquez & Company LLP

Glendale, California

June 9, 2022, except for the Schedule of Expenditures of Federal Awards,
as to which the date is December 23, 2021

City of Torrance
Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Program Identification Number	Passed Through to Subrecipients	Federal Award Expenditures
U.S. Department of Transportation				
Direct Assistance:				
Federal Transit Cluster:				
COVID 19 - Federal Transit - Formula Grants (Urbanized Area Formula Grants)				
Formula Grants)	20.507	CA-2020-176-00	\$ -	\$ 7,910,110
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-2016-041	-	804,166 **
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-90-Y715	-	92,209
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-90-Z126	-	40,718
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-90-Z046	-	27,060
			<u>-</u>	<u>8,874,263 *</u>
Passed-through the State of California, Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	BHLS-5249(025)	-	32,280
Highway Safety Improvement Program - HSIP-5247(020)	20.205	HSIP2-07-012	-	-
Highway Planning and Construction	20.205	LOA.P00F3624	-	1,025
Highway Planning and Construction	20.205	BHLS-5249(026)	-	14
			<u>-</u>	<u>33,319</u>
Passed-through the State of California, Office of Traffic Safety:				
State and Community Highway Cluster - STEP 2021	20.600	PT21171	-	38,877
State and Community Highway Cluster - STEP 2020	20.600	PT20127	-	16,219
State and Community Highway Cluster			-	-
State and Community Highway Cluster			<u>-</u>	<u>55,096</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - :	20.608	PT21171	-	23,803
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - :	20.608	PT20127	-	5,071
			<u>-</u>	<u>28,874</u>
Child Passenger Safety Program	20.616	OP21016	-	58,676
Passed-through the State of California, Governor's Office of Emergency Services				
Interagency Hazardous Materials				
Public Sector Training and Planning Grants	20.703	314-40 / HMEP19	-	5,100
Total U.S. Department of Transportation				
			<u>-</u>	<u>9,055,328</u>
U.S. Department of Housing and Urban Development				
Passed-through Los Angeles County Community Development Commission:				
Community Development Block Grant - Sidewalk Repair for Handicap Accessibility	14.218	602190-20	-	758,518
COVID-19 - Community Development Block Grant Emergency Rental Assistance Program	14.218	CV1097-20	-	297,545
			<u>-</u>	<u>1,056,063</u>
Direct Assistance:				
Section 8 Housing Choice Vouchers	14.871	CA-121	-	6,527,827
COVID-19 - Section 8 Housing Choice Vouchers	14.871	CA-121	-	272,323
			<u>-</u>	<u>6,800,150</u>
Total U.S. Department of Housing and Urban Development				
			<u>-</u>	<u>7,856,213</u>
U.S. Department of Treasury				
Passed-through the State of California, Department of Finance:				
COVID 19 - Coronavirus Relief Fund	21.019	N/A	-	1,797,076
Home Investment Partnership Program	14.239	M-19-MC-06-0543	-	-
Total U.S. Department of Treasury				
			<u>-</u>	<u>1,797,076 *</u>
U.S. Department of Justice				
Direct Assistance:				
Equitable Sharing Program - Federal Asset Forfeiture	16.922	N/A	-	226,278
Edward Byrne Memorial Justice Assistance	16.738	2020-DJ-BX-0544	-	510
			<u>-</u>	<u>226,788</u>
Passed-through the California Board of State and Community Corrections:				
Edward Byrne Memorial Justice Assistance	16.738	BSCC 1040-18-MH	-	1,895
Total U.S. Department of Justice				
			<u>-</u>	<u>228,683</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

City of Torrance
Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Program Identification Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Award Expenditures</u>
U.S. Department of Homeland Security				
Direct Assistance:				
Assistance to Firefighter's Grant	97.044	EMW-2020-FG-0168	\$ -	\$ 77,462
Asset Forfeiture	97.000	N/A	-	41,281
Passed-through the State of California, Governor's Office of Emergency Services				
COVID-19 Emergency Medical Care	97.036	175289	-	30,672
Total U.S. Department of Homeland Security - Federal Emergency Management Agency			-	149,415
U.S. Department of Agriculture				
Direct Assistance:				
Farmers Market Promotion	10.168	AM170100XXXXG072	-	19,838
Total U.S. Department of Agriculture			-	19,838
Total Expenditures of Federal Awards			\$ -	\$ 19,106,553

* Denotes major program

** This amount pertains to FY2017/2018 expenditures which were retroactively approved for federal funding during this fiscal year 2020/2021.

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the City of Torrance, California (the City). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

The information in the SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying SEFA is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in Note 1 of the notes to the City's basic financial statements, except that the lending of certain federal award monies and acquisition of capital assets are reported as expenditures of federal funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports for the year ended June 30, 2021, which have been submitted to grantor agencies, will, in some cases, differ from the amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

NOTE 4 RELATIONSHIP TO ANNUAL COMPREHENSIVE FINANCIAL REPORT

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the City's Annual Comprehensive Financial Report.

City of Torrance
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors’ report issued on compliance with respect to major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	None

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2021.

Section III – Federal Award Findings

There were no federal award findings noted during the fiscal year ended June 30, 2021.

City of Torrance
Status of Prior Year Findings and Questioned Costs
Year ended June 30, 2021

There were no prior year findings reported during the fiscal year ended June 30, 2020.



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