



City of Torrance, California
Single Audit Report
Year Ended June 30, 2025
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 (*Government Auditing Standards*), 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, 2025, 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 30, 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.

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 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 instance 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 30, 2025**



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

Opinion on Each Major Federal Program

We have audited the City of Torrance, California’s (the City) 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 the City’s major federal programs for the year ended June 30, 2025. 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.

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 major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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 opinion 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.



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 Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding No. SA 2025-001. Our opinion on each major federal program is not modified with respect to this matter.



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

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

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.

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 30, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the 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 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.

Vasquez & Company LLP

Glendale, California

March 18, 2026, except for our report on the Schedule of Expenditures of Federal Awards, as to which the date is December 30, 2025.

City of Torrance
Schedule of Expenditures of Federal Awards
Year ended June 30, 2025

<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 Housing and Urban Development				
Direct Assistance:				
Community Development Block Grants Cluster Entitlements/Special Purpose Cluster:				
Community Development Block Grant	14.218	B-24-MC-06-0609	\$ 15,000	\$ 694,520 *
HOME Investment Partnerships Program - American Rescue Plan Act	14.239	M23MC060570	-	93
Economic Development Initiative - Community Project Funding - 2022	14.251	B-22-CP-CA-0120	-	192,723
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	CA-121	-	8,324,357
Section 8 Housing Choice Vouchers - Emergency Housing Vouchers	14.871	N/A	-	582,820
			-	8,907,177
Total U.S. Department of Housing and Urban Development			<u>15,000</u>	<u>9,794,513</u>
U.S. Department of Interior - Bureau of Reclamation				
Direct Assistance:				
Reclamation States Emergency Drought Relief	15.514	N/A	-	740,000 *
Total U.S. Department of Interior - Bureau of Reclamation			-	<u>740,000</u>
U.S. Department of Justice				
Direct Assistance:				
Equitable Sharing Program - Asset Forfeiture	16.922	N/A	-	200,996
Passed-through Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force:				
Equitable Sharing Program - Asset Forfeiture	16.922	N/A	-	3,749
			-	204,745
Public Safety Partnership and Community Policing - 2023				
- COPS Technology and Equipment Program	16.710	15JCOPS-23-GG-01920-TECP	-	794,251
Public Safety Partnership and Community Policing - 2023				
- Law Enforcement Mental Health and Wellness Act	16.710	15JCOPS-23-GG-01801-LEMH	-	37,599
			-	831,850
Total U.S. Department of Justice			-	<u>1,036,595</u>
U.S. Department of Transportation				
Direct Assistance:				
Federal Transit Cluster:				
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-90-Z046-00	-	37,016
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-90-Y715-00	-	24,971
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-95-X146-00	-	18,231
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-2022-151-00	-	5,620
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507	CA-90-Z126-00	-	5,180
			-	91,018
Passed-through the State of California, Department of Transportation:				
Highway Planning and Construction	20.205	STPL-5249(032)	-	1,710,838
Highway Planning and Construction	20.205	CRPL-5249(035)	-	29,854
			-	1,740,692 *
Passed-through the State of California, Office of Traffic Safety:				
Highway Safety Cluster:				
State and Community Highway Safety - STEP 2024	20.600	PT24206	-	9,959
State and Community Highway Safety - STEP 2025	20.600	PT25081	-	25,155
			-	35,114
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 2024				
	20.608	PT24206	-	9,632
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 2025				
	20.608	PT25081	-	20,165
			-	29,797
Total U.S. Department of Transportation			<u>\$ -</u>	<u>\$ 1,896,621</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, 2025

<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 Treasury				
Direct Assistance:				
Equitable Sharing	21.016	N/A	\$ -	\$ 342,731
Total U.S. Department of Treasury			-	342,731
U.S. Department of Homeland Security				
Direct Assistance:				
Emergency Operations Center Grant Program	97.052	DHS-22-GPD-052-009-01	-	99,599
Passed-through the City of Los Angeles:				
Urban Area Security Initiative Grant - 2022	97.067	C-144822	-	25,672
Total U.S. Department of Homeland Security			-	125,271
Total Expenditures of Federal Awards			\$ 15,000	\$ 13,935,731

* Denotes major program

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 federal agencies, as well as federal funds received indirectly by the City from non-federal agencies or other organizations. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying SEFA. 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 SEFA.

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, 2025, 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.

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)?	Yes (Finding No. SA 2025-001)

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants Cluster Entitlements/Special Purpose Cluster
15.514	Reclamation States Emergency Drought Relief
20.205	Highway Planning and Construction

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

City of Torrance
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2025.

Section III – Federal Award Findings

Finding No. SA 2025-001 – Reporting

Federal Assistance Listing Number: 14.218
Federal Program Title: Community Development Block Grants Cluster Entitlements/Special Purpose Cluster
Federal Program Title: Community Development Block Grants/Entitlement Grants
Federal Agency: U.S. Department of Housing and Urban Development
Award Period: Fiscal year 2025
Program Identification Numbers: B-24-MC-06-0609

Criteria:

Per the Compliance and Reporting Guidelines issued by U.S. Department of Housing and Urban Development (HUD), the City is required to complete the Cash on Hand Quarterly Report and submit it to the grantee’s HUD local field office through the Integrated Disbursement and Information System (IDIS). The field offices will review the report’s completeness and accuracy. The reporting frequency is the same as previously required of the SF-425, quarterly. The Quarterly Cash on Hand report must be submitted to the respective field office within 30 days after the end of the reporting period. The following Federal fiscal year quarter reporting periods will be used for all quarterly reports.

Reporting Period	Due Date of Report
Quarter 1: 10/1 – 12/31	1/30
Quarter 2: 1/1 – 3/31	4/30
Quarter 3: 4/1 – 6/30	7/30
Quarter 4: 7/1 – 9/30	10/30

Condition:

The City was unable to meet the report timeline for the following reports:

Required Report	Frequency	Period End	Due Date	Date Submitted	Lag in Days
Cash on Hand Report	Quarterly	September 30, 2024	October 30, 2024	February 4, 2025	97
Cash on Hand Report	Quarterly	December 31, 2024	January 30, 2025	February 4, 2025	5

Finding No. SA 2025-001 – Reporting (continued)

Cause:

Delays in submitting the required Cash on Hand Quarterly Reports occurred because the City experienced internal technical difficulties that limited its ability to access and navigate the IDIS reporting module during its first year as a direct recipient of CDBG funds. These technical issues prevented the timely completion of the reports for the first two quarters, during which the City also had no Cash on Hand to report. Once the technical problems were resolved, all subsequent reports were submitted within the required 30-day timeframe.

Effect:

Remittance of federal funds may be delayed due to the delayed submission of the report.

Questioned Costs:

None.

Recommendation:

We recommend that the City strictly follow and monitor the deadline for reporting submission set forth by HUD as part of its compliance requirements.

Views of Responsible Officials and Planned Corrective Actions:

The City acknowledges the findings and notes that the delays were the result of internal technical issues that affected timely access to the reporting system during the first two quarters. These issues have since been resolved, and the City has met all subsequent reporting deadlines.

Planned Corrective Actions:

Effective May 2025, the City corrected the internal technical issues that affected access to IDIS and now verifies system accessibility prior to each reporting deadline. The City will continue to perform ongoing monitoring to ensure the reporting process remains timely and compliant going forward.

Date of Implementation:

May 2025

Responsible Official or Department:

Community Development

Financial Statement Findings

There were no financial statement findings reported during the fiscal year ended June 30, 2024.

Federal Award Findings

<u>Finding Reference and Description</u>	<u>Identified Condition and Prior Year’s Corrective Action Plan</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<p>Finding SA 2024-001 Reporting</p> <p>Assistance Listing Number: 16.710</p> <p>Compliance Requirement: Reporting</p>	<p>Identified Condition: The City was unable to meet the deadlines for the following reports:</p> <ol style="list-style-type: none"> 1. Semi-annual COPS Progress Report – Law Enforcement Mental Health and Wellness Act 2. Semi-annual COPS Progress Report – COPS Technology and Equipment Program <p>Views of Responsible Officials and Planned Corrective Actions: The semi-annual reporting deadlines mandated by both COPS Office grant awards have since been incorporated into the scheduled grant managing duties of responsible staff, resulting in subsequent timely reporting for both program awards. Moreover, the division responsible for said grant reports has memorialized the written procedure for confirming and communicating grant program reporting constructs for all grant awards.</p>	<p>Implemented</p>	<p>Not applicable</p>



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