



**City of Torrance**  
**Audited Financial Statements**  
**Measure W Fund**  
**of the City of Torrance, California**  
***As of and for the Year Ended June 30, 2024***  
***With Independent Auditor's Report***

**City of Torrance**  
**Audited Financial Statements**  
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***As of and for the Year Ended June 30, 2024***  
***With Independent Auditor's Report***

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Measure W Special Revenue Fund (Measure W Fund) of the City of Torrance, California (the City), as of and for the year ended June 30, 2024, and the related notes to the basic fund financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure W Special Revenue Fund of the City of Torrance, California as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the Measure W Fund of the City of Torrance, California and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 GAAS 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 City's 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***

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 Measure W Fund's basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024 on our consideration of the City's internal control over the Measure W Fund's 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 Measure W Fund's 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 the Measure W Fund's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Measure W Fund's financial reporting and compliance.

**Glendale, California  
October 21, 2024**



**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, 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 Measure W Special Revenue Fund (Measure W Fund) of the City of Torrance, California (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Measure W Fund's basic financial statements, and have issued our report thereon dated October 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of Measure W Fund's financial statements, we considered the City's internal control over Measure W Fund's financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Measure W Fund's 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 Measure W Fund'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 Measure W Special Revenue Fund of the City of Torrance, California's financial statements are free from material misstatements, 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 Measure W Fund's 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 of Torrance, California's internal control over Measure W Fund or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Hollywood, California's internal control over Measure W Fund and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California  
October 21, 2024**



**Independent Auditor's Report on Internal Control Over Compliance and on Compliance with Requirements Applicable to Safe, Clean Water Program in Accordance with Chapters 16 and 18 of the Los Angeles County Flood Control District Code, Municipal Program Agreement No. 2020MP80 and Regional Program Agreement Nos. 2020RPSSMB02 and 2021RPSSMB03**

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

**Report on Compliance**

***Opinion***

We have audited the City of Torrance, California's (the City) compliance with Chapters 16 and 18 of the Los Angeles County Flood Control District (District) Code, Municipal Program Agreement No. 2020MP80 and Regional Program Agreement Nos. 2020RPSSMB02 and 2021RPSSMB03 applicable to the City's Safe, Clean Water (SCW) Program (collectively, SCW Program requirements) for the year ended June 30, 2024.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2024.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States; and SCW Program requirements. Our responsibilities under those standards and SCW Program requirements 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 with the SCW 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 the City's compliance with 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 SCW Program.



### ***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 SCW Program requirements 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 SCW program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and SCW Program requirements, 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 SCW Program requirements, 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 an instance of noncompliance which is required to be reported in accordance with the SCW Program requirements and which is described in the accompanying schedule of finding and response as Finding 2024-01. Our opinion on compliance 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 finding and response. 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 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 the requirement 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 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 SCW Program. Accordingly, this report is not suitable for any other purpose.

Glendale, California  
October 21, 2024

**City of Torrance  
Measure W Fund  
Balance Sheet  
June 30, 2024**

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**ASSETS**

Pooled cash and investments	\$ 8,511,397
<b>Total assets</b>	<b>\$ <u>8,511,397</u></b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable	\$ 11,010
Accrued expenses	400,118
<b>Total liabilities</b>	<b><u>411,128</u></b>

**Fund Balance**

Restricted for public works	<u>8,100,269</u>
<b>Total fund balance</b>	<b><u>8,100,269</u></b>
<b>Total liabilities and fund balance</b>	<b>\$ <u>8,511,397</u></b>

*See notes to the basic fund financial statements*

**City of Torrance**  
**Measure W Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Year ended June 30, 2024**

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**REVENUES**

Revenue from other governmental agencies	\$	2,160,380
Investment earnings		280,831
<b>Total revenues</b>		<u>2,441,211</u>

**EXPENDITURES**

Salaries and employee benefits		416,054
Professional services and contracts		1,161,584
Capital outlay		184,936
<b>Total expenditures</b>		<u>1,762,574</u>

**CHANGE IN FUND BALANCE**

678,637

**FUND BALANCE**

Beginning of year		7,421,632
End of year	\$	<u>8,100,269</u>

*See notes to the basic fund financial statements*

**NOTE 1      GENERAL**

In November 2018, the Los Angeles County (LA County) voters approved Measure W, the Safe Clean Water Program, which is a parcel tax of 2.5 cents per square foot of impermeable areas within the LA County. This would raise approximately \$300 million in tax revenues annually. Measure W would increase LA County's local water supply, improve water quality, and invest in making the communities greener and more livable.

The Los Angeles County Flood Control District (District), pursuant to the Los Angeles Region Safe, Clean Water (SCW) Program Ordinance (Chapter 16 of the District Code) and the SCW Program Implementation Ordinance (Chapter 18 of the District Code), administers the SCW Program for the purpose of funding projects and programs to increase stormwater and urban runoff capture and reduce stormwater and urban runoff pollution in the District.

Pursuant to Section 16.04.A.2 of the District Code, forty percent (40%) of annual SCW program tax revenues shall be allocated to municipalities within the District, in the same proportion as the amount of revenues collected within each municipality, to be expended by those cities within the cities' respective jurisdictions and by the County within the unincorporated areas that are within the boundaries of the District, for implementation, operation and maintenance, and administration of projects and programs, in accordance with the criteria and procedures established in Chapters 16 and 18 of the District Code.

The City of Torrance (the City) is located within the LA County and receives its share of the Measure W fund.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying fund financial statements for the Measure W Special Revenue Fund (Measure W Fund) of the City, have been prepared on the modified-accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual," that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

**Measurement Focus**

Governmental funds are accounted for on spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheet. Statement of revenues, expenditures, and changes in fund balance for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Reporting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. Monies received under Measure W are recorded in a Special Revenue Fund, the Measure W Fund, that is used to account for the proceeds of revenues to be used for the purpose of implementing the Safe Clean Water Program. The accompanying financial statements reflect only the financial position and results of operations of the Measure W Fund, and do not purport to, and do not present the financial position and results of the operations of the City nor the City as a whole in conformity with accounting principles generally accepted in the United States of America.

**Budgetary Principles**

The City uses the modified accrual plus encumbrances as its budgetary basis of accounting. The City is required by its Charter to adopt an annual budget. On or before the first day of June each year, the City Manager shall submit to City Council a proposed budget for all departments. The said budget shall include estimates for all revenues and expenditures for the ensuing year. From the effective date of the budget, the amounts stated therein, as proposed expenditures become appropriations to various City departments. Budget for the Measure W Fund, as a Special Revenue Capital Project Fund, is long-term in nature. Therefore, no budgetary comparison is presented in the accompanying financial statements.

**New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Measure W Fund's financial reporting process. Current and future new standards which may impact the Measure W Fund include the following:

Recently Adopted

GASB 99, "Omnibus 2022", effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter on requirements related to financial guarantees and the classification and reporting of derivative instruments. Earlier application is encouraged. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this standard did not have an impact on the Measure W Fund's financial statements.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements (Continued)**

Recently Adopted (Continued)

GASB 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*”, effective for fiscal years beginning after June 30, 2023, and all reporting periods thereafter. Earlier application is encouraged. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this standard did not have an impact on the Measure W Fund’s financial statements.

**NOTE 3      SAFE, CLEAN WATER MUNICIPAL PROGRAM**

Pursuant to Section 16.04.A.2 of the District Code, forty percent (40%) of annual SCW program tax revenues shall be allocated to municipalities within the District, in the same proportion as the amount of revenues collected within each municipality, to be expended by those cities within the cities’ respective jurisdictions and by the County within the unincorporated areas that are within the boundaries of the District, for implementation, operation and maintenance, and administration of projects and programs, in accordance with the criteria and procedures established in Chapters 16 and 18 of the District Code.

The City used the Municipal Program to fund the Citywide Storm Drain Replacement and Installation project.

**NOTE 4      SAFE, CLEAN WATER REGIONAL PROGRAM**

Pursuant to Section 16.04.A.3 of the District Code, fifty percent (50%) shall be allocated to pay for the implementation, operation and maintenance, and the administration of Projects and Programs implemented through the Regional Program, including Projects and Programs identified in approved regional plans such as stormwater resource plans developed in accordance with Part 2.3 (commencing with section 10560) of Division 6 of the Water Code, watershed management programs developed pursuant to waste discharge requirements for municipal separate storm sewer system (MS4) discharges within the coastal watersheds of the County, issued by the Los Angeles Regional Water Quality Control Board, and other regional water management plans, as appropriate, in accordance with the criteria and procedures established in Chapters 16 and 18 of the District Code.

**NOTE 4      SAFE, CLEAN WATER REGIONAL PROGRAM (CONTINUED)**

The City received the Regional Program funds for the Stormwater Basin Expansion Project and Torrance Airport Storm Water Basin Project, Phase 2. As of June 30, 2024, the City has incurred \$204,000 and \$241,000 of expenditures for each project respectively of the Regional Program.

In November 2023, the Stormwater Basin Expansion Project was completed. A final inspection and certification by the City Engineer was released in relation to the completed project in accordance with the submitted final plans and specifications, and any modifications thereto, and in accordance with the related program's transfer agreement.

**NOTE 5      CASH AND INVESTMENTS**

Unspent funds received for the Measure W Fund are pooled with the City's other cash and investments. The Measure W Fund's share of the investment earnings earned from the cash and investment pool is allocated on a monthly basis based on each fund's respective average monthly cash balance. Detailed information regarding the City's pooled cash and investments program can be found in the City's Annual Comprehensive Financial Report. Such report is available from the City of Torrance Department of Finance, 3031 Torrance Blvd., Torrance, California 90503.

**NOTE 6      SUBSEQUENT EVENTS**

The City and Measure W Fund has evaluated and determined that no subsequent events occurred through October 21, 2024, the date on which the financial statements were available to be issued, that require recognition or disclosure in the financial statements.

## **Finding 2024-01 Measure W Management**

### ***Criteria:***

Los Angeles County Code of Ordinance Chapters 16 and 18 require each Municipality receiving Municipal Program funding to comply with the following provisions:

- 16.05 (C)(1) Preparation of a progress/expenditure report that details a program-level summary of expenditures and a description of Water Quality Benefits, Water Supply Benefits, Nature-Based Solutions, and Community Investment Benefits realized through use of Municipal Program funds.
- 16.05 (C)(2) Compliance with all SCW Program fund transfer, reporting, and audit requirements.
- 16.07 (B)(2) Municipalities shall be subject to an independent audit of their use of SCW Program funds not less than once every three (3) years. Audits of Municipalities shall be funded with Municipal Program funds.
- 18.06 (B)(2) Prepare, prior to the start of that Municipality's fiscal year, a plan for how SCW Program funds will be used in the ensuing fiscal year.
- 18.06 (B)(3) Comply with all SCW Program reporting and audit requirements and provide to the District additional financial and other information, as required by the SCW Program or upon request of the District.
- 18.06 (B)(5) At least annually, prepare and provide to the public informational materials containing up-to-date information on the Municipality's actual and budgeted use of revenues from the SCW Program.
- 18.06 (B)(9) Comply with all Transfer Agreement requirements.
- 18.06 (D)(1) Each Municipality shall prepare and submit an annual report to the District, not later than six months after the end of that Municipality's fiscal year.
- 18.06 (F)(1) Infrastructure Program Project Developers shall prepare quarterly progress and expenditure reports, as described in 18.06 (F)(3), for their respective Projects and Programs.
- 18.06 (F)(4) Infrastructure Program Project Developers shall prepare an annual summary of the quarterly progress and expenditure reports for their respective Programs and Projects, including all items listed in Section 18.07.F.3.

In accordance with Safe, Clean Water Program - Municipal Program Transfer Agreement, Section IV A, the Municipality shall annually prepare and submit to the District, an Annual Plan. The Annual Plan for the 2020-21 Fiscal Year shall be submitted to the District no later than 45 days after the execution of this Agreement by the last party to sign. An Annual Plan for each subsequent Fiscal Year shall be submitted not later than 90 days prior to the start of the Fiscal Year for which the Plan is prepared.

**Finding 2024-01 Measure W Management (Continued)**

**Criteria (Continued):**

In accordance with Safe, Clean Water Program - Regional Program Transfer Agreements, Exhibit B – General Terms and Conditions, Section B-33, the Municipality shall submit Quarterly Progress/Expenditure Reports, using a format provided by the District, within forty-five (45) days following the end of the calendar quarter (March, June, September and December). Further, annually, a summary of the Quarterly Progress/Expenditure Reports shall be submitted to the Watershed Area Steering Committees to explain the previous year’s Quarterly Progress/Expenditure Reports. This summary shall be submitted six (6) months after the close of the fourth quarter.

**Condition:**

During our audit for the year ended June 30, 2024, we noted the following late submissions of required reports:

<u>Required Report</u>	<u>Frequency</u>	<u>Period End</u>	<u>Due Date</u>	<u>Date Submitted</u>	<u>Lag in Days</u>
<u>Municipal Program</u>					
Subsequent Annual Spending Plan	Annual	June 30, 2024	April 1, 2023	June 26, 2023	86
Subsequent Annual Spending Plan	Annual	June 30, 2025	April 1, 2024	September 25, 2024	177
<u>Regional Program</u>					
<u>Stormwater Basin Expansion Project</u>					
Quarterly Progress/Expenditures Report	Quarterly	September 30, 2023	November 15, 2023	December 27, 2023	42
Quarterly Progress/Expenditures Report	Quarterly	December 31, 2023	February 15, 2024	February 29, 2024	14

**Cause and Effect:**

The City’s lack of awareness of the municipal and regional audit requirements and inadequate monitoring controls over reporting requirements resulted in late submission of the reports.

**Questioned Costs:**

None.

**Recommendation:**

It is recommended that a process be implemented to have personnel within the City who is responsible for administering each grant, communicate the compliance requirements of the award, so that the project administrator and the Finance Department can ensure compliance.

**City of Torrance’s Response:**

The City agrees with the finding. In response to the audit finding identified in the audit of the City’s management of SCW Program requirements, corrective actions shall be implemented by the City as follows:

1. The City acknowledges the necessity to maintain compliance with the SCW Program requirements and will ensure timely submission of reports going forward. The City will implement the process to ensure compliance with the compliance requirements. The Finance Department will follow up with other responsible departments to confirm the timely submissions of required reports and monitoring the funding source(s) of the award.



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