

**CITY OF TORRANCE**  
**Torrance, California**

**Single Audit Report on Expenditures of Federal Awards**

Year Ended June 30, 2015

**CITY OF TORRANCE, CALIFORNIA**

Single Audit Report on Expenditures of Federal Awards

Year Ended June 30, 2015

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**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***

**Independent Auditor's Report**

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrance ("City"), as of and for the year ended June 30, 2015, 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 18, 2015.

**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) to determine the 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 defined to be 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in blue ink that reads "Dennis Fara CP".

Irvine, California  
December 18, 2015

**Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance;  
and Report on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133**

**Independent Auditor's Report**

City Council  
City of Torrance  
Torrance, California

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

We have audited the City of Torrance's ("City") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 of Torrance 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, 2015.

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

Management of the City of Torrance 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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the City of Torrance as of and for the year ended June 30, 2015, and have issued our report thereon dated December 18, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 OMB Circular A-133 and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.



Irvine, California  
December 18, 2015

CITY OF TORRANCE, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grant name	Pass-through	Federal CFDA number	DUNS	Federal grant number or pass-through grantor's number	Authorized grant amount	State matching and other revenue	Total	Accrued (deferred) grant revenue, June 30, 2014	Drawdowns	Expenditures	Accrued (deferred) grant revenue, June 30, 2015
<b>Department of Justice</b>											
Edward Byrne Memorial Justice Assistance		16.738	06-667-4169	2013-DJ-BX-0458	\$ 18,626	\$ -	\$ 18,626	\$ 7,932	\$ 7,932	\$ -	\$ -
Edward Byrne Memorial Justice Assistance		16.738	06-667-4169	2014-DJ-BX-0022	18,170	-	18,170	-	18,170	-	-
					36,796	-	36,796	7,932	26,102	18,170	-
Equitable Sharing Program - Asset Forfeiture		16.922	06-667-4169	N/A	-	-	-	(917,213)	270,607	29,071	(1,158,749)
Equitable Sharing Program - Asset Forfeiture	LA Impact	16.922	06-667-4169	N/A	-	-	-	(1,731)	41,379	62,000	18,890
					-	-	-	(918,944)	311,986	91,071	(1,139,859)
National Institute of Justice Research, Evaluation and Development - DNA Cold Cases		16.560	03-456-8522	2012-DN-BX-K011	93,175	-	93,175	6,743	15,766	31,105	22,082
<b>Total Department of Justice</b>					<b>129,971</b>	<b>-</b>	<b>129,971</b>	<b>(904,269)</b>	<b>353,854</b>	<b>140,346</b>	<b>(1,117,777)</b>
<b>Department of the Treasury</b>											
Asset Forfeiture		21.000	06-667-4169	N/A	-	-	-	(328,423)	-	15,169	(313,254)
Asset Forfeiture	LA Impact	21.000	06-667-4169	N/A	-	-	-	(10,724)	6,264	-	(16,988)
<b>Total Department of the Treasury</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>(339,147)</b>	<b>6,264</b>	<b>15,169</b>	<b>(330,242)</b>
<b>Department of Homeland Security</b>											
Asset Forfeiture		97.000	06-667-4169	N/A	-	-	-	(920,157)	39,174	75,584	(883,747)
Homeland Security - 2011 Urban Areas Security Initiative		97.067	06-667-4169	2011-SS-0077	161,406	-	161,406	2,750	2,750	-	-
Homeland Security - 2013 Urban Areas Security Initiative		97.067	06-667-4169	2013-SS-00110	103,934	-	103,934	4,348	103,934	99,586	-
Homeland Security - 2013 State Homeland Security		97.067	06-667-4169	2013-00110	25,540	-	25,540	-	25,540	25,540	-
Homeland Security - 2014 Urban Areas Security Initiative		97.067	06-667-4169	2014-SS-00093	113,850	-	113,850	-	-	2,800	2,800
					404,730	-	404,730	7,098	132,224	127,926	2,800
<b>Total Department of Homeland Security</b>					<b>404,730</b>	<b>-</b>	<b>404,730</b>	<b>(913,059)</b>	<b>171,398</b>	<b>203,510</b>	<b>(880,947)</b>
<b>Department of Transportation</b>											
Highway Planning and Construction	CALTRANS (T30-3520)	20.205	06-667-4169	MOU/LOA.P0004314S	7,000,000	4,000,000	11,000,000	-	-	-	-
Highway Planning and Construction (ARRA)	CALTRANS (T30-3529)	20.205	06-667-4169	MOU/LOA.P0004314S	3,125,678	-	3,125,678	-	-	-	-
Highway Planning and Construction (ARRA)	CALTRANS (T51-3529)	20.205	06-667-4169	07-933325	1,206,369	-	1,206,369	-	-	-	-
Highway Planning and Construction	CALTRANS (T51-3530)	20.205	06-667-4169	07-933325	597,504	-	597,504	-	-	-	-
Highway Planning and Construction	CALTRANS (T022-3549)	20.205	06-667-4169	07-5249R-N012-ISTEA	1,816,684	-	1,816,684	142,946	1,283,685	1,224,235	83,496
Highway Planning and Construction	CALTRANS (T022-3550)	20.205	06-667-4169	07-5249R-N012-ISTEA	109,500	-	109,500	109,500	107,310	-	2,190
Highway Planning and Construction	CALTRANS (T022-3551)	20.205	06-667-4169	07-5249R-N012-ISTEA	466,435	-	466,435	466,435	457,106	-	9,329
Highway Planning and Construction	CALTRANS (T115-3520)	20.205	06-667-4169	LOA.P00F3624	793,322	-	793,322	-	-	-	-
					15,115,492	4,000,000	19,115,492	718,881	1,848,101	1,224,235	95,015
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y105	6,058,000	1,343,581	7,401,581	-	793,036	793,036	-
Federal Transit_Formula Grant		20.507	13-619-0357	CA-95-X203	1,200,000	-	1,200,000	21,520	241,185	308,784	89,119
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y394	2,749,014	687,253	3,436,267	39,419	271,977	238,011	5,453
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y643	2,865,104	635,011	3,500,115	-	48,000	48,000	-
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Z247	3,715,000	-	3,715,000	-	-	2,250,000	2,250,000
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y715	5,419,000	1,303,000	6,722,000	6,470	173,796	181,193	13,867
Federal Transit_Formula Grant		20.507	13-619-0357	CA-04-0132	2,354,240	802,010	3,156,250	-	-	-	-
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Z046	3,786,465	239,362	4,025,827	-	-	-	-
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y816	5,995,768	1,221,752	7,217,520	-	20,000	20,000	-
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y518	2,423,000	605,750	3,028,750	-	197,768	204,167	6,399
Federal Transit_Formula Grant		20.507	13-619-0357	CA-95-X240	5,961,008	1,749,792	7,710,800	-	-	-	-
Federal Transit_Formula Grant		20.507	13-619-0357	CA-95-X146	7,900,000	1,247,727	9,147,727	36,406	428,731	524,566	132,241
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Y949	5,910,900	-	5,910,900	-	5,025	72,365	67,340
Federal Transit_Formula Grant		20.507	13-619-0357	CA-90-Z126	3,980,722	119,278	4,100,000	2,250,000	2,311,479	71,966	10,487
Federal Transit_Formula Grant		20.507	13-619-0357	MOU/MOU.MRBCMAQ67	2,875,000	-	2,875,000	43,460	949,705	953,379	47,134
					63,193,221	9,954,516	73,147,737	2,397,275	5,440,702	5,665,467	2,622,040
State and Community Highway Safety - STEP	CA Office of Traffic Safety	20.600	06-667-4169	PT15121	123,000	-	123,000	-	33,438	72,245	38,807
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - STEP	CA Office of Traffic Safety	20.608	06-667-4169	PT15121	148,000	-	148,000	-	53,771	73,749	19,978
					271,000	-	271,000	-	87,209	145,994	58,785
<b>Total Department of Transportation</b>					<b>78,579,713</b>	<b>13,954,516</b>	<b>92,534,229</b>	<b>3,116,156</b>	<b>7,376,012</b>	<b>7,035,696</b>	<b>2,775,840</b>

CITY OF TORRANCE, CALIFORNIA

Schedule of Expenditures of Federal Awards (continued)  
Year ended June 30, 2015

Grant name	Pass-through	Federal CFDA number	DUNS	Federal grant number or pass-through grantor's number	Authorized grant amount	State matching and other revenue	Total	Accrued (deferred) grant revenue, June 30, 2014	Drawdowns	Expenditures	Accrued (deferred) grant revenue, June 30, 2015
<b>Department of Housing and Urban Development</b>											
Community Development Block Grant - ADA Sidewalk Improvement		14.218	06-667-4169	N/A	640,085	-	640,085	-	-	-	-
Community Development Block Grant - Cravens Avenue - ADA Improvements		14.218	06-667-4169	N/A	100,000	-	100,000	-	-	-	-
Community Development Block Grant - Sidewalk Repair for Handicap Accessibility		14.218	06-667-4169	N/A	1,080,457	-	1,080,457	118,774	118,774	-	-
Community Development Block Grant - Torrance Park Improvements for Handicap Accessibility		14.218	06-667-4169	N/A	159,715	-	159,715	175	143,744	159,105	15,536
Community Development Block Grant - Home Improvement Program		14.218	06-667-4169	N/A	249,631	-	249,631	29,188	29,188	-	-
					2,229,888	-	2,229,888	148,137	291,706	159,105	15,536
Section 8 Housing Choice Vouchers		14.871	13-433-6879	CA-121	6,067,582	-	6,067,582	(493,912)	6,067,582	6,148,279	(413,215)
<b>Total Department of Housing and Urban Development</b>					<b>8,297,470</b>	<b>-</b>	<b>8,297,470</b>	<b>(345,775)</b>	<b>6,359,288</b>	<b>6,307,384</b>	<b>(397,679)</b>
					<b>\$ 87,411,884</b>	<b>\$ 13,954,516</b>	<b>\$ 101,366,400</b>	<b>\$ 613,906</b>	<b>\$ 14,266,816</b>	<b>\$ 13,702,105</b>	<b>\$ 49,195</b>

See accompanying notes to Schedule of Expenditures of Federal Awards

# CITY OF TORRANCE, CALIFORNIA

## Notes to the Schedule of Expenditures and Federal Awards

Year Ended June 30, 2015

### **(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

#### (a) Scope of Presentation

The accompanying *Schedule of Expenditures of Federal Awards* presents the activity of all federal financial assistance programs of the City of Torrance, California ("City"). For the purposes of this schedule, federal awards include both 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 such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

#### (b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

#### (c) Relationship to Basic Financial Statements

Activities relating to all federal financial assistance programs are included in the City's basic financial statements as Special Revenue Funds.

#### (d) Subrecipients

The City of Torrance did not incur expenditures that were paid to subrecipients in the fiscal year ended June 30, 2015.

**CITY OF TORRANCE, CALIFORNIA**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

**(A) Summary of Auditor's Results**

- (1) An unmodified report was issued by the auditors on the financial statements of the auditee.
- (2) No significant deficiencies and no material weaknesses in internal control over financial reporting were reported.
- (3) No noncompliance which is material to the financial statements of the auditee was reported.
- (4) No material weaknesses or significant deficiencies in internal control over compliance were reported.
- (5) An unmodified report was issued by the auditors on compliance for major programs.
- (6) The audit disclosed no audit findings which the auditor is required to report under paragraph .510(a) of OMB Circular A-133.
- (7) The major program of the auditee was as follows:
  - U.S. Department of Transportation:  
Federal Transit – Formula Grants (Urbanized Area Formula Program) – CFDA  
20.507
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$411,063.
- (9) The auditee qualifies as a low-risk auditee under Section .530 of OMB Circular A-133 for the year ended June 30, 2015 for purposes of major program determination.

**CITY OF TORRANCE, CALIFORNIA**

Schedule of Findings and Questioned Costs

(Continued)

**(B) Findings Relating to the Basic Financial Statements Reported in Accordance with Generally Accepted Government Auditing Standards (GAGAS)**

There were no findings required to be reported in accordance with GAGAS.

**(C) Findings and Questioned Costs Relating to Federal Awards**

There are no auditors' findings required to be reported in accordance with paragraph .510(a) of OMB Circular A-133.

**CITY OF TORRANCE, CALIFORNIA**

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2015

The following is the status of audit findings that were reported for the year ended June 30, 2014:

**2014-01: Adjustments Detected Through the Audit Process**

It was noted in the prior year that adjustments were detected through the audit process. There were no material audit adjustments detected during the current year audit process. As a result, this finding is considered resolved.