

**City of Lomita**  
**Single Audit Report on Schedule of Expenditures of Federal Awards**  
**June 30, 2023**



CITY OF LOMITA  
Single Audit Report on Schedule of Expenditures of Federal Award Programs  
June 30, 2023

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Honorable Mayor and City Council  
City of Lomita  
Lomita, California

**INDEPENDENT AUDITORS' 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**

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, each major fund, and the aggregate remaining fund information of City of Lomita, California (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Lomita's basic financial statements, and have issued our report thereon dated December 15, 2023.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City of Lomita'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 City of Lomita's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lomita'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.

Honorable Mayor and City Council  
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***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Lomita'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 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.

**Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, California  
December 15, 2023



Honorable Mayor and City Council  
City of Lomita  
Lomita, California

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

#### ***Opinion on Each Major Federal Program***

We have audited City of Lomita CA's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Lomita CA's major federal programs for the year ended June 30, 2023. City of Lomita CA'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, City of Lomita CA 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, 2023.

#### ***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; 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). 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 City of Lomita CA 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 City of Lomita CA'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 City of Lomita CA'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 City of Lomita CA'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 generally accepted auditing standards, *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 City of Lomita CA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 City of Lomita CA'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 City of Lomita CA'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 City of Lomita CA'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.

#### **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.

Honorable Mayor and City Council  
City of Lomita

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Lomita CA, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Lomita CA's basic financial statements. We issued our report thereon dated December 15, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, California  
December 15, 2023

CITY OF LOMITA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

<b>Federal Grantor/ Pass-through Grantor/Program</b>	<b>Federal Assistance Listing</b>	<b>Program Identification Number</b>	<b>Federal Award Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through the Community Development Commission of the County of Los Angeles:				
Community Development Block Grant	14.218	D96361-16	\$ 35,940	-
Community Development Block Grant	14.218	D96370-16	14,868	-
Community Development Block Grant	14.218	602490-21	-	-
Subtotal	14.218		<u>50,808</u>	
Direct assistance:				
Low Rent Public Housing	14.850	CA139-001-01J	<u>192,528</u>	-
Capital Grant Fund Program	14.872	CA16-P139-501-01	<u>211,458</u>	-
				-
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>454,794</b></u>	<u><b>-</b></u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through the State of California:				
Coronavirus State and Fund Recovery Funds	21.027	FY 21-22	849,611	
Coronavirus State and Fund Recovery Funds	21.027	FY 22-23	1,213,737	
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>2,063,348</b></u>	<b>*</b>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through the State of California:				
Hazard Mitigation Grant	97.039	DR4407-PJ0418	\$ 43,174	
<b>Total U.S. Department of Homeland Security</b>			<u><b>43,174</b></u>	
<b>Total Federal Awards</b>			<u><u><b>\$ 2,561,316</b></u></u>	<u><u><b>-</b></u></u>

\*Denotes major federal program.

See accompanying notes to schedule of expenditures of federal awards.



## CITY OF LOMITA

### Notes to the Schedule of Expenditures of Federal Awards

June 30, 2023

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

The financial reporting entity, as defined by Governmental Accounting Standard Board (GASB), consists of the primary government, which is the City of Lomita, California (City), entities for which the primary government is financially accountable, and other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following entities by establishing financial accountability:

- Lomita Public Financing Authority
- Lomita Manor Housing Authority
- Lomita Railroad Foundation, Inc.

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Lomita (City) that are reimbursable under federal programs of federal agencies providing financial assistance. For purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency and expended, as well as federal funds received indirectly by City of Lomita from a non-federal agency and expended. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenses in excess of the maximum federal reimbursement authorized or the portion of program expenses that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

Funds received under the various grant programs have been recorded within the general fund and special revenue funds of the City. The City utilizes the modified accrual basis of accounting for governmental funds. The accompanying schedule of expenditures of federal awards 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* (Office of Management and Budget Uniform Grant Guidance).

(c) De Minimis Indirect Cost Rate

The City elected to use the 10% de minimis indirect cost rate for the year ended June 30, 2023, however, no indirect cost rates were charged to any federal programs.

(d) Subrecipients

There were no payments to subrecipients for the year ended June 30, 2023.

CITY OF LOMITA  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

Summary of Auditors' Results

A) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control nor were there any significant deficiencies.
3. There were no instances of noncompliance or other matters that were required to be reported under *Government Auditing Standards*.

(B) Findings and Questioned Costs for Federal Awards as Defined in 2 CFR 200.515(d)

4. There were no material weaknesses or significant deficiencies in internal control over federal major programs of the auditee.
5. An unmodified report was issued by the auditors on compliance for federal major programs.
6. The audit disclosed no audit findings of federal awards required by the auditors to be reported under 2 CFR 200.515(d)
7. The major federal program of the auditee was the: (1) Assistance Listing #21.027 U.S. Department of Treasury – Corona Virus State and Local Fiscal Recovery Funds.
8. The dollar threshold used to distinguish Type A and Type B programs was \$750,000 under 2 CFR 200.518 (b) (1).
9. The auditee was considered a low risk auditee as defined by 2 CFR 200.518 for the year ended June 30, 2023 for purposes of determining major programs.

CITY OF LOMITA

Summary Schedule of Prior Year (June 30, 2021) Audit Findings

Year ended June 30, 2023

There were no findings noted for fiscal year June 30, 2022.