

***CITY OF TORRANCE
ANNUAL FINANCIAL REPORT OF THE
MEASURE R 20% BUS OPERATIONS FUND
MEASURE R REGIONAL CLEAN FUEL BUS FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF TORRANCE
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FINANCIAL SECTION



U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Torrance, California and the
Los Angeles County Metropolitan Transportation Authority

Opinions

We have audited the accompanying financial statements of the Measure R 20 % Bus Operations Fund and the Measure R Regional Clean Fuel Bus Fund (collectively, the Funds) of the City of Torrance, California (the City) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure R 20% Bus Operations Fund and the Measure R Regional Clean Fuel Bus Fund, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. 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 opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure R 20% Bus Operations Fund and the Measure R Regional Clean Fuel Bus Fund, and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2022 and 2021, the changes in its financial position, for the years 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.



The CPA. Never Underestimate The Value.™



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 opinions. 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 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 generally accepted 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis 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 Funds' 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 Funds' financial statements or to the Funds' financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the Funds' financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2022, on our consideration of the City's internal control over the Funds' 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 the Funds' 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 Funds' 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 Funds' financial reporting and compliance.

A handwritten signature in black ink that reads "Simpson & Simpson".

Los Angeles, California
December 23, 2022

CITY OF TORRANCE
MEASURE R 20% TRANSIT OPERATIONS FUND
BALANCE SHEETS
 June 30

	2022	2021
ASSETS		
Cash and investments	\$ -	\$ -
Total assets	\$ -	\$ -
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	-	-
Total fund balance	-	-
 Total liabilities and fund balance	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TORRANCE
MEASURE R 20% BUS OPERATIONS FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2022	2021
REVENUES		
Measure R 20% Bus Operations	\$ <u>2,792,335</u>	\$ <u>2,130,328</u>
Total revenues	<u>2,792,335</u>	<u>2,130,328</u>
 EXPENDITURES		
Beach Cities Transit Operations	<u>2,792,335</u>	<u>2,130,328</u>
Total expenditures	<u>2,792,335</u>	<u>2,130,328</u>
 Excess of revenue over expenditures	-	-
 Fund balance at beginning of the year	-	-
 Fund balance at end of year	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TORRANCE
MEASURE R 20% BUS OPERATIONS FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)

Project Code	Project Name	2022			2021 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
N/A	Beach Cities Transit Operations	\$ <u>2,792,335</u>	\$ <u>2,792,335</u>	\$ <u>-</u>	\$ <u>2,130,328</u>
	Total expenditures	\$ <u>2,792,335</u>	\$ <u>2,792,335</u>	\$ <u>-</u>	\$ <u>2,130,328</u>

See accompanying independent auditor's report.

CITY OF TORRANCE
MEASURE R REGIONAL CLEAN FUEL BUS FUND
BALANCE SHEETS
June 30

	2022	2021
ASSETS		
Cash and investments	\$ -	\$ 137,208
Due from Metro	64,983	-
Total assets	\$ 64,983	\$ 137,208
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 137,208
Total liabilities	-	137,208
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	64,983	-
 Fund Balance		
Restricted	-	-
Total fund balance	-	-
 Total liabilities and fund balance	 \$ 64,983	 \$ 137,208

The accompanying notes are an integral part of the financial statements.

CITY OF TORRANCE
MEASURE R REGIONAL CLEAN FUEL BUS FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2022	2021
REVENUES		
Measure R 20% Regional Clean Fuel Bus	\$ 76,654	\$ 137,208
Total revenues	76,654	137,208
EXPENDITURES		
Fleet Modernization NRV	76,654	137,208
Total expenditures	76,654	137,208
Excess of revenue over expenditures	-	-
Fund balance at beginning of the year	-	-
Fund balance at end of year	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

CITY OF TORRANCE
MEASURE R REGIONAL CLEAN FUEL BUS FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)

Project Code	Project Name	2022			2021 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
N/A	Fleet Modernization NRV	\$ 141,637	\$ 76,654	\$ 64,983	\$ 137,208
	Total expenditures	\$ 141,637	\$ 76,654	\$ 64,983	\$ 137,208

See accompanying independent auditor's report.

CITY OF TORRANCE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Measure R 20% Bus Operations Fund (MRBOF) and Measure R Regional Clean Fuel Bus Fund (MRRCFBF) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The MROF represents 20% of a half-cent sales tax which is allocated among the eligible municipal operators according to the shares calculated by the Formula Allocation Procedure (FAP) for the year in which funds are allocated. Funds are distributed to the jurisdictions within Los Angeles County that have submitted a Los Angeles County Metropolitan Transportation Authority (Metro) approved Measure R 20% Improvement Plan that includes a description of how these funds will be spent. Eligible projects include operating expenses for county-wide bus service operations, maintenance and expansion, and any other operating expenses that will contribute to meet the program’s purpose and objectives.

The MRRCFBF represents a total of \$150 million which is set aside for the total life of the Measure R Regional Clean Fuel Bus Capital Facilities and Rolling Stock Program to cover Metro and municipal regional clean fuel bus capital facilities and rolling stock which is allocated among the included and eligible municipal operators according to the shares calculated by the Capital Allocation Procedure (CAP). The purpose of the Measure R Regional Clean Fuel Bus Capital Program and Rolling Stock Program is to construct transit facilities and/or repairs, procure rolling stock and fund related components.

Basis of Accounting and Measurement Focus

MRBOF and MRRCFBF are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

MRBOF and MRRCFBF are reported on spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balance for MRBOF and MRRCFBF generally present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF TORRANCE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2022 and 2021
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset Backed Securities are subject to market risk as to change in interest rates.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Further information regarding the City's cash and investments may be found in the City's Annual Comprehensive Financial Report (ACFR).

Fund Balance Reporting

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

MRBOF and MRRCFBF report the following fund balance classification as of June 30, 2022:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

Information regarding the fund balance reporting policy adopted by the City is described in the City's ACFR.

CITY OF TORRANCE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2022 and 2021
(Continued)

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the MRBOF and MRRCFBF and their compliance with the Measure R 20% Program Guidelines for Bus Operations, Measure R Program Guidelines to Municipal Operators for Regional Clean Fuel Bus Capital Facilities and Rolling Stock Program, and the City's Memorandum of Understanding (MOU) for both programs.

NOTE 3 – MEASURE R 20% LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Measure R 20% Program Guidelines for Bus Operations, funds received pursuant to these guidelines may only be used for eligible operating expenses that include bus operation for countywide bus service operations, maintenance, and expansion and any other operating expenses that will contribute to meet the program purpose and/or objective. See accompanying Compliance Matrix.

NOTE 4 – MEASURE R REGIONAL CLEAN FUEL BUS COMPLIANCE REQUIREMENTS

In accordance with Measure R Program Guidelines to Municipal Operators for Regional Clean Fuel Bus Capital Facilities and Rolling Stock Program, funds received pursuant to these guidelines can be used for cost associated with transit facilities construction and/or repairs, procurement of rolling stock and related components. See accompanying Compliance Matrix.

NOTE 5 – IMPACT OF CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, the City's Management believes that the financial impact, if any, will not materially affect the June 30, 2022 Fund's financial statement.

NOTE 6 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 23, 2022, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

**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***

To the Honorable Members of the City Council of the
City of Torrance, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with 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 R 20% Bus Operations Fund and Measure R Regional Clean Fuel Bus Fund (collectively, the Funds) of the City of Torrance, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds’ 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 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.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Funds' 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 result 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.

A handwritten signature in black ink that reads "Simpson & Simpson".

Los Angeles, California
December 23, 2022

COMPLIANCE SECTION



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**Independent Auditor's Report on Compliance and on Internal Control over
Compliance Required by the Guidelines**

To the Honorable Members of the City Council of the
City of Torrance, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

Opinion on Measure R 20% Bus Operations Program and Measure R Regional Clean Fuel Bus Program

We have audited the compliance of the City of Torrance, California (City) with the Measure R 20% Program Guidelines for Bus Operations, Measure R Program Guidelines to Municipal Operators for Regional Clean Fuel Bus Capital Facilities and Rolling Stock Program, and the City's Memorandum of Understanding with the Los Angeles Metropolitan Transit Authority (collectively, the Guidelines) for the year ended June 30, 2022.

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2022.

Basis for Opinion on Measure R 20% Bus Operations Program and Measure R Regional Clean Fuel Bus 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 Guidelines. Our responsibilities under those standards and the Guidelines 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 the Measure R 20% Bus Operations Program and Measure R Regional Clean Fuel Bus 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 the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or program agreements applicable to the City's Measure R 20% Bus Operations Program and Measure R Regional Clean Fuel Bus 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 generally accepted auditing standards, *Government Auditing Standards*, and the Guidelines 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 Measure R 20% Bus Operations Program and Measure R Regional Clean Fuel Bus Program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guidelines, 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 Guidelines, 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.



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 the Guidelines 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 the Guidelines 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 the Guidelines 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 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 Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 23, 2022

CITY OF TORRANCE
COMPLIANCE MATRIX
For the Fiscal Year Ended June 30, 2022

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
Measure R 20% Bus Operations Fund						
1.	Timely use of funds.	X			None	
2.	Measure R 20% Improvement Plan (Expenditure Plan) was submitted to Metro.	X			None	
3.	Expenditures were approved before being incurred.	X			None	
4.	Funds were used on approved projects only.	X			None	
5.	Funds were not used to supplant any funds authorized by other provisions of law and allocated by Metro for public transit.	X			None	
6.	The Federal National Transit Database report has been provided to Metro.	X			None	
7.	A completed Transportation Performance Measurement (TPM) form was submitted to Metro on time.	X			None	
8.	An Annual Report has been provided to Metro.	X			None	
9.	Accounting procedures, record keeping and documentation are adequate.	X			None	

CITY OF TORRANCE
COMPLIANCE MATRIX
For the Fiscal Year Ended June 30, 2022
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
Measure R Regional Clean Fuel Bus Fund						
1.	Timely use of funds.	X			None	
2.	Expenditure Plan was submitted to Metro.	X			None	
3.	Expenditures were approved before being incurred.	X			None	
4.	Funds were used on approved projects only.	X			None	
5.	An annual financial audit report was submitted on time.	X			None	
6.	An Annual Report has been provided to Metro.	X			None	
7.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF TORRANCE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2022

No findings were noted.

EXIT CONFERENCE

CITY OF TORRANCE
MEASURE R 20% BUS OPERATIONS AND
MEASURE R REGIONAL CLEAN FUEL BUS FUNDS
EXIT CONFERENCE
June 30, 2022

An exit conference was held on January 12, 2023 with the City of Torrance. Those in attendance were:

Simpson & Simpson Representative:

Austine Cho, Audit Manager

City's Representative(s):

Nao Pabalan – Accounting Manager
James Lee – Transit Administration Manager
Christine Sapitan – Senior Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and non-compliance issues with Metro Guidelines

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Nao Pabalan – Accounting Manager
James Lee – Transit Administration Manager
Christine Sapitan – Senior Accountant

Simpson & Simpson, CPAs
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF TORRANCE ANNUAL FINANCIAL REPORT OF THE MEASURE R 20% BUS OPERATIONS FUND AND MEASURE R REGIONAL CLEAN FUEL BUS FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

I have received the annual financial report of the Measure R 20% Bus Operations Fund and Measure R Regional Clean Fuel Bus Fund for the years ended June 30, 2022 and 2021 for the City of Torrance and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date