

CITY OF LOMITA
Lomita, California

Report on Communication
With Those Charged with Governance

June 30, 2024



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REPORT ON COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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City of Lomita
Lomita, California

To the Honorable Mayor and City Council:

We have audited the financial statements of the government activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Lomita, California (City) for the year ended June 30, 2024, and have issued our report thereon dated December 10, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the engagement contract dated July 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 100-*Accounting Changes and Error Corrections*. The adoption of the GASB No. 100 did not significantly impact the City. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of capitalizing certain infrastructure assets that prolong its' useful life (as opposed to classifying as routine maintenance expense) and depreciation expense on capital assets. We have evaluated the key factors and assumptions used to estimate the capitalization of infrastructure assets and useful lives on depreciation expense in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability and net OPEB liability and their allocation to various funds. We have evaluated the key factors and assumptions used to estimate the net pension liability and its allocation to various funds of the City in determining that they are reasonable in relation to the financial statements taken as a whole.

City of Lomita
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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of Contingencies in Note 11 to the financial statements concerning potential claims against the City for possible disallowed costs or noncompliance with certain grantor restrictions. As of the date of this letter, Management is not aware of any disallowed costs or noncompliance with grantor restrictions.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no significant adjustments as a result of audit procedures. We were not aware of any significant uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 10, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Lomita's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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Other Matters

We applied certain limited procedures to City of Lomita, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as described in the table of contents in the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplementary information as described in the table of contents in the financial statements, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This report is intended solely for the information and use of the City Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

GRUBER AND LOPEZ, INC.

Gruber and Lopez, Inc.

Newport Beach, California
December 10, 2024