CITY OF SANTA MONICA, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2025

SINGLE AUDIT REPORT

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CITY OF SANTA MONICA, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2025

CITY OF SANTA MONICA, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2025

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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*

To the Honorable Mayor and Members of the City Council
City of Santa Monica, 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 Santa Monica, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 3, 2026.

Report on 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) 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 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 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 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 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*.

To the Honorable Members of the City Council
City of Santa Monica, California

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'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
March 3, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Santa Monica, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Santa Monica, California (hereafter, the City)'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 the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2025.

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 Auditors' 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 each major federal 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 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 the City's federal programs.

Auditors' 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 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 the City'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 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 Uniform Guidance, 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 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.

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

To the Honorable Members of the City Council
City of Santa Monica, California

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 3, 2026, 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.

LSL, LLP

Irvine, California
March 25, 2026 (Except for the Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, which is dated March 3, 2026)

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	*Federal Assistance Listing Number*	*Pass-Through Entity Identifying Number*	*Passed-through to Subrecipients*	*Total Federal Expenditures*
U.S. Department of Housing and Urban Development:				
Direct Programs:				
CDBG - Entitlement/Special Purpose Grants Cluster				
Community Development Block Grants/				
Entitlement Grants	14.218	N/A	$ 150,000	$ 1,727,211
Community Development Block Grants/				
Entitlement Grants - Beginning Loan Balances	14.218	N/A	-	5,425,011
Subtotal for 14.218			150,000	7,152,222
Total CDBG - Entitlement/Special Purpose Grants Cluster			150,000	7,152,222
Home Investment Partnerships Program *	14.239	N/A	-	719,664
Home Investment Partnerships Program -				
Beginning Loan Balances *	14.239	N/A	-	3,760,510
Subtotal for 14.239			-	4,480,174
Continuum of Care *	14.267	N/A	-	3,903,151
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	-	25,443,248
Emergency Housing Vouchers	14.871	N/A	-	1,743,582
Subtotal for 14.871			-	27,186,830
Total Housing Voucher Cluster			-	27,186,830
Total U.S. Department of Housing and Urban Development			**150,000**	**42,722,377**
U.S. Department of Interior				
Direct Programs:				
Water Recycling and Desalination Construction Program	15.504	N/A	-	426,862
Total U.S. Department of Interior			**-**	**426,862**
U.S. Department of Justice:				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	-	39,474
Law Enforcement Mental Health & Wellness Act	16.710	N/A	-	30,000
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	-	94,491
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	84,153
Total U.S. Department of Justice			**-**	**248,118**
U.S. Department of Transportation:				
Direct Programs:				
Federal Transit Cluster				
Federal Transit - Formula Grants (Urbanized Area				
Formula Program)	20.507	N/A	-	3,482,126
Total Federal Transit Cluster			-	3,482,126
Public Transportation Innovation	20.530	N/A	-	136,912
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	-	161,832
Pass Through Programs:				
California Department of Transportation:				
Highway Planning and Construction *	20.205	EHEGWCLJEVJ4	-	3,211,054
California Office of Traffic Safety:				
Highway Safety Cluster				
State and Community Highway Safety	20.600	XCA4E3XL2KY7	-	214,161
Total Highway Safety Cluster			-	214,161
California Office of Emergency Services				
Hazardous Materials Emergency Preparedness Training & Planning Grants	20.703	UTM3S7LKYQZ4	-	13,455
Total U.S. Department of Transportation			**-**	**7,219,540**
U.S. Department of the Treasury:				
Direct Programs:				
Equitable Sharing	21.016	N/A	-	400,000
Total U.S. Department of the Treasury			**-**	**400,000**
U.S. Department of Energy				
Direct Programs:				
Energy Efficiency and Conservation Block Grant Program	81.128	N/A	-	157,443
Total U.S. Department of Energy			**-**	**157,443**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	*Federal Assistance Listing Number*	*Pass-Through Entity Identifying Number*	*Passed-through to Subrecipients*	*Total Federal Expenditures*
U.S. Department of Health and Human Services				
Direct Programs:				
Congressional Directives	93.493	N/A	339,567	339,567
Total U.S. Department of Health and Human Services			**339,567**	**339,567**
U.S. Department of Homeland Security:				
Pass Through Programs:				
California Office of Emergency Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) *	97.036	UTM3S7LKYQZ4	-	1,138,024
Hazard Mitigation Grant	97.039	UTM3S7LKYQZ4	-	51,977
County of Los Angeles:				
Homeland Security Grant Program	97.067	MKQ9AQH7R2S5	-	424,129
City of Los Angeles:				
Homeland Security Grant Program	97.067	ZRXCMNNSUEJ1	-	1,833,844
Subtotal for 97.067			-	2,257,973
Total U.S. Department of Homeland Security			**-**	**3,447,974**
Total Expenditures of Federal Awards Including Loans			**$ 489,567**	**$ 54,961,881**

** Major Program*

[1] There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Santa Monica, California (the City), that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistances 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 portion of program expenditures reimbursable with such federal funds is 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 included any property or equipment acquisitions incurred under the federal program.

C. Indirect Cost Rate

The City has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The loans listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans made during the fiscal year, if any, are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at June 30, 2025, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2025
14.218	CDBG Program Emergency Supplemental	$ 5,379,907
14.239	Home Program Presidential Contingency Fund & Emergency Supplemental Fund	3,687,768
		$ 9,067,675

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? ___yes __X__no
- Significant deficiencies identified? ___yes __X__none reported

Noncompliance material to financial statements noted? ____yes __X__no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ____yes __X__no
- Significant deficiencies identified? ____yes __X__none reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) ____yes __X__no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program
14.239	Home Investment Partnership Program
20.205	Highway Planning and Construction
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and type B program $1,648,856

Auditee qualified as low-risk auditee? __X__yes ___no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

City of Santa Monica
Finance Department
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Santa Monica, CA 90401
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Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding: 2024-001: Timeliness of Allocation of Funds
Appropriate corrective actions were taken; this finding is considered resolved and is not repeated in the fiscal year ended June 30, 2025.