



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

September 28, 2009

State Controller's Office
Division of Audits
ATTN: Financial Audits Bureau/Single Audit Unit
P.O. Box 942850
Sacramento, California 94250-5874

Re: 2007-08 Fiscal Year City of Hawthorne Single Audit Report

We have received the result of your desk review of the above referenced single audit report for the fiscal year ended June 30, 2008. We have reviewed your comments and concurred with the exceptions noted. We have revised the Independent Auditor's Report to reference the Management's Discussion and Analysis and indicated the procedures that were applied. We have also revised the Schedule of Federal Awards to include the CFDA numbers for each Federal Award listed on that schedule.

We have included an original copy of the revised reports for your review. We have also provided the City with copies of the revised reports to be forwarded to each recipient of the originally issued audit report.

If you have any questions, please contact me at 714-672-0022 or email at michael.chu@lslcpas.com.

Yours Truly,

Michael K. Chu
Partner

Attachment

Cc: Director of Finance, City of Hawthorne



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Hawthorne, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hawthorne, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hawthorne's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hawthorne, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund, the South Bay Workforce Investment Board Fund and the Housing Authority Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2009, on our consideration of the City of Hawthorne's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the Honorable Mayor and Members of the City Council
City of Hawthorne, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Loughard, LLP

March 17, 2009

CITY OF HAWTHORNE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through/ Grantor's Number</u>	<u>Expenditures</u>
<u>Executive Office of the President</u>			
Office of National Drug Control Policy:			
High Intensity Drug Trafficking Area Grant	07.999	I5PLAP534Z	\$ 1,385
		I6PLAP534Z	578,005
Total Executive Office of the President			579,390
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grant *	14.218	B-07-MC-06-0519	2,095,663
Section 108 Guaranteed Loan	14.248	Various	831,113
Home Investment Partnership Program (HOME)	14.239	M-07-MC-06-0513	968,461
Housing Assistance Payment Program Section 8	14.871	HAPP Various	5,579,485
Passed through the County of Los Angeles and Other Cities:			
Housing Assistance Payment Program Section 8	14.871	Various	5,117,359
Total U.S. Department of Housing and Urban Development			14,592,081
<u>U.S. Department of Justice</u>			
Direct Program:			
Federal Asset Forfeiture Program	16.000	Various	500,665
Bureau of Justice Assistance:			
Edward Byrne Justice Assistance Grant Program	16.738	2005-DJ-BX-1696	26,959
G.R.E.A.T. Program	16.737	2006-JV-FX-0052	396
Sex Offenders/Gang Members Tracking Program	16.202	2006-DJ-BX-1153	52,051
Total U.S. Department of Justice			580,071
<u>U.S. Department of Homeland Security</u>			
Passed through City of Los Angeles:			
Urban Areas Security Initiative	97.008	-	33,080
Total U.S. Department of Homeland Security			33,080

CITY OF HAWTHORNE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through/ Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Labor</u>			
Passed through the State of California			
Employment Development Department:			
Workforce Investment Act Cluster *	17.260	R692511	\$ 396,079
	17.260	R760359	2,116,691
	17.260	R865495	3,625,438
Passed through Los Angeles County:			
Employment and Training Research			
and Development Projects Cluster (GAIN)	93.558	74892	1,038,795
STEP	93.558	74892	4,906,767
Workstudy	93.558	74892	1,713,721
L.A. County Probation Delinquency Prevention	16.540	640-07-021	36,288
L.A. USD Beyond the Bell	84.287	07-H233	1,905,880
City of Inglewood - CDBG	14.218	07-H248	14,750
City of Los Angeles	16.540	C-109836	56,166
Correction Standard Authority	16.540	06-H202	110,974
L.A. County CSBG	14.218	35170	29,028
County of Los Angeles One-Stops	17.258	05-H111	194,937
CTR LA CO	17.259	07-H238	75,000
Passed through the City of Pasadena:			
Foothill ETC	17.259	19456	152,692
California Space Authority WIRED	17.261	06-H148	48,255
Juvenile Justice Grants:			
Gateway Colaborative	16.540	CSA 404-07	297,000
Bridge to Work Title II	16.540	CSA 352-07	531,887
California Department of Education:			
21st Century Community Centers Learning Grant	84.287	19-14535-2377-4A	190,850
LA Harbor Grant	17.260	4500099881	68,875
SBCC Contract	17.260	01-H236	42,648
El Camino Contract	17.260	07-H225	49,124
CHIIIP	17.260	SOCMP-103929	30,000
Total U.S. Department of Labor			17,631,845

CITY OF HAWTHORNE, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through/ Grantor's Number	Expenditures
<u>U.S. Department of Transportation</u>			
Direct Program:			
Federal Aviation Administration:			
Airport Improvement Program	20.106	3-06-0101-11 DTFA08-05-C-21845 DTFA08-06-C-22010	\$ 4,834,053
Passed through State of California			
Department of Transportation:			
Highway Planning and Construction *	20.205	STPL-5253(010)	598,072
Passed through State of California			
Office of Traffic Safety:			
Sobriety Checkpoint Program	20.600	SC08171	40,970
Click It or Ticket Program	20.600	CT071938	7,000
Total U.S. Department of Transportation			5,480,095
Total Federal Expenditures			\$ 38,896,562

*Major Program

- Note a: Refer to Note 1 of the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule.
- Note b: There was no federal awards expended in the form of non-cash assistance or insurance in effect during the year.
- Note c: Total amount provided to subrecipients during the year from the Community Development Block Grant amounted to \$3,000.
- Note d: Total amount provided to subrecipients during the year from the Job Training Partnership Act Grant amounted to \$888,772.