

City of Hawthorne, California

Single Audit Report on Federal Awards

Year Ended June 30, 2025

City of Hawthorne
Single Audit Report on Federal Awards
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**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**

Independent Auditor's Report

To the Honorable City Council
City of Hawthorne, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hawthorne (the entity), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated January 16, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 entity'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*.

We noted certain matters that we have reported to management of the entity in a separate letter dated January 16, 2026.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 16, 2026

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

Independent Auditor's Report

To the Honorable City Council
City of Hawthorne, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Hawthorne's (the entity'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 entity's major federal programs for the year ended June 30, 2025. The entity'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, the entity complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the entity 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 entity'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 entity'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 the entity'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 GAAS, *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 entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 entity'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 entity'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 entity'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.

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 entity as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements. We issued our report thereon, dated January 16, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted 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 basic 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March 25, 2026 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 16, 2026)

**City of Hawthorne
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Direct Assistance:</i>				
CDBG-Entitlement/Special Purpose Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-06-0519	\$ 8,745	\$ -
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-06-0519	395,945	-
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-06-0519	292,459	-
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-06-0519	576,568	-
Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-06-0519	793,374	174,416
Community Development Block Grants/Entitlement Grants	14.218	B-25-MC-06-0519	30,373	-
Total - CDBG-Entitlement/Special Purpose Grants Cluster / ALN 14.218			2,097,464	174,416
Home Investment Partnerships Program	14.239	M-17-MC-06-0513	24,389	-
Home Investment Partnerships Program	14.239	M-18-MC-06-0513	538,093	-
Home Investment Partnerships Program	14.239	M-19-MC-06-0513	441,950	-
Home Investment Partnerships Program	14.239	M-20-MC-06-0501	446,775	-
Home Investment Partnerships Program	14.239	M20MC060513 / M21MC060513	49,900	-
Home Investment Partnerships Program	14.239	M-21-MC-06-0501	489,080	-
Home Investment Partnerships Program	14.239	M-21-MP-06-0513	177,446	-
Home Investment Partnerships Program	14.239	M-23-MC-06-0513	3,306	-
Total - Assistance Listing 14.239			2,170,939	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	HAPP Various	11,673,085	-
<i>Passed through the County of Los Angeles and Other Cities:</i>				
Section 8 Housing Choice Vouchers	14.871	Various	1,168,111	-
Total - Housing Voucher Cluster / ALN 14.871			12,841,196	-
Total U.S. Department of Housing and Urban Development			17,109,599	174,416
U.S. Department of Justice				
<i>Direct Assistance:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03160-JAGX	53,080	-
Total - Assistance Listing 16.738			53,080	-
Equitable Sharing Program	16.922	CA0192800	678,067	-
Total - Assistance Listing 16.922			678,067	-
Total U.S. Department of Justice			731,147	-

See accompanying notes to the schedule of expenditures of federal awards.

City of Hawthorne
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation				
<i>Direct Assistance:</i>				
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-06-0101-022-2021	\$ 19,023	\$ -
Total - Assistance Listing 20.106			<u>19,023</u>	<u>-</u>
<i>Passed through the State of California, Office of Traffic Safety:</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT25094	81,391	-
Total - Assistance Listing 20.600			<u>81,391</u>	<u>-</u>
National Priority Safety Programs	20.616	MC25003	101,563	-
Total - Assistance Listing 20.616			<u>101,563</u>	<u>-</u>
Total - Highway Safety Cluster			<u>182,954</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT25094	85,256	-
Total - Assistance Listing 20.608			<u>85,256</u>	<u>-</u>
Total U.S. Department of Transportation			<u>287,233</u>	<u>-</u>
U.S. Department of Treasury				
<i>Direct Assistance:</i>				
Equitable Sharing Program	21.016	CA0192800	305,245	-
Total - Assistance Listing 21.016			<u>305,245</u>	<u>-</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	4,223,722	-
Total - Assistance Listing 21.027			<u>4,223,722</u>	<u>-</u>
Total U.S. Department of Treasury			<u>4,223,722</u>	<u>-</u>
U.S. Department of Homeland Security				
<i>Direct Assistance:</i>				
Homeland Security Grant Program	97.067	C.F. #22-0988	88,000	-
Homeland Security Grant Program	97.067	2023-0042	106,000	-
Total - Assistance Listing 97.067			<u>194,000</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>194,000</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 22,850,946</u>	<u>\$ 174,416</u>

See accompanying notes to the schedule of expenditures of federal awards.

City of Hawthorne
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the City of Hawthorne (the entity) that are reimbursable under federal programs of the federal government for the year ended June 30, 2025. The information in this SEFA is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the entity, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the entity. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the entity from a nonfederal agency or other organization. Only that portion of program expenditures reimbursable with such federal funds are 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Effective October 1, 2024, the Office of Management and Budget (OMB) revised the Uniform Guidance under 2 CFR Part 200 to increase the de minimis indirect cost rate from 10% to 15% of Modified Total Direct Costs (MTDC). Awards issued prior to October 1, 2024 (and not subsequently amended) continue to apply the 10% de minimis rate. Awards issued or amended on or after October 1, 2024 apply the revised 15% de minimis rate. The entity has elected to use the de minimis indirect cost rate, where applicable, allowed under the Uniform Guidance.

NOTE 3: SUBRECIPIENTS

During the fiscal year ended June 30, 2025, the entity disbursed \$174,416 of federal awards to several subrecipients.

**City of Hawthorne
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	<u> X </u>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	<u> X </u>	No
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Identification of major programs:

<u>Assistance Listing Number</u> 14.871	<u>Name of Federal Program</u> Housing Voucher Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	<u> X </u>	Yes	_____	No
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**City of Hawthorne
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2025**

Section II - Financial Statement Findings

No findings to be reported.

Section III - Federal Awards Findings and Questioned Costs

No findings to be reported.

**City of Hawthorne
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025**

Financial Statement Findings

No prior year findings to report.

Federal Awards Findings and Questioned Costs

No prior year findings to report.