

CITY OF GLENDALE, CALIFORNIA

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2018**

CITY OF GLENDALE, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018
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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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 City Council
of the City of Glendale
City of Glendale, 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 Glendale, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2018. Our report included an emphasis of matter regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 determination of financial statement amounts. 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 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.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 30, 2018



**INDEPENDENT AUDITORS' 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**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Glendale, California's (City) compliance with the types of compliance requirements described 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, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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, 2018.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the City's separate corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 City as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. 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 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.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 30, 2018

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services:				
Pass-through Los Angeles County Department of Community and Senior Services				
Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	SSP141808	\$ 50,000	\$ -
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	ENP162007	1,000	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	ENP162007	233,171	-
Nutrition Services Incentive Program	93.053	ENP162007	24,401	-
Sub-total - Aging Cluster			<u>308,572</u>	<u>-</u>
TANF Cluster:				
Temporary Assistance for Needy Families (Youth Program)	93.558	IA0415	141,000	141,000
Sub-total - TANF Cluster			<u>141,000</u>	<u>141,000</u>
Total U.S. Department of Health and Human Services			<u>449,572</u>	<u>141,000</u>
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Home Investment Partnerships Program	14.239	M-17-MC-06-0512	417,692	-
Home Investment Partnerships Program	14.239	Loans	40,148,336	-
Sub-total - Home Investment Partnerships Program			<u>40,566,028</u>	<u>-</u>
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-06-0518	1,440,755	746,822
Sub-total - Community Development Block Grant - Entitlement Grants Cluster			<u>1,440,755</u>	<u>746,822</u>
Emergency Solutions Grants Program	14.231	E-17-MC-06-0518	146,641	123,056
Continuum of Care Program - 1998 and 1999 Consolidated Shelter Plus Care Program	14.267	CA0724L9D121609	274,709	-
Continuum of Care Program - 1998 and 1999 Consolidated Shelter Plus Care Program	14.267	CA0724L9D121710	26,052	-
Continuum of Care Program - 2001 Shelter Plus Care Program	14.267	CA0726L9D121508	45,081	-
Continuum of Care Program - 2001 Shelter Plus Care Program	14.267	CA0726L9D121609	55,287	-
Continuum of Care Program - 2005 and 2009 Consolidated Shelter Plus Care Program	14.267	CA1057L9D121606	95,371	-
Continuum of Care Program - 2010 Shelter Plus Care Chronically Homeless	14.267	CA1028L9D121602	34,784	-
Continuum of Care Program - 2010 Shelter Plus Care Chronically Homeless	14.267	CA1028L9D121501	6,052	-
Continuum of Care Program - CES Reallocation 2015	14.267	CA1455L9D121601	505,782	451,091
Continuum of Care Program - CES Reallocation 2015	14.267	CA1455L9D121500	92,659	87,979
Continuum of Care Program - Chester Street Permanent Supportive Housing	14.267	CA0948L9D121506	25,073	22,586
Continuum of Care Program - Chester Street Permanent Supportive Housing	14.267	CA0948L9D121607	42,578	38,091
Continuum of Care Program - Glendale CoC Planning	14.267	CA1454L9D121500	33,379	-
Continuum of Care Program - Glendale CoC Planning	14.267	CA1621L9D121600	20,394	-
Continuum of Care Program - Next Step Permanent Supportive Housing Program	14.267	CA0731L9D121609	133,184	126,116
Continuum of Care Program - Hamilton Court Transitional Housing	14.267	CA0729L9D121508	34,467	34,467
Continuum of Care Program - HMIS	14.267	CA0728L9D121508	17,852	-
Continuum of Care Program - HMIS	14.267	CA0728L9D121609	37,429	-
Continuum of Care Program - Ascencia Housing Now	14.267	CA0733L9D121710	55,183	55,183
Continuum of Care Program - Ascencia Housing Now	14.267	CA0733L9D121609	292,120	266,081
Continuum of Care Program - Family Promise of the Verdugos Rapid-Rehousing Program	14.267	CA1622L9D121600	42,986	39,665
Continuum of Care Program - Ascencia Scattered Site Permanent Supportive Housing Program	14.267	CA1271L9D121502	41,021	34,509
Continuum of Care Program - Ascencia Scattered Site Permanent Supportive Housing Program	14.267	CA1271L9D121603	156,099	147,147
Continuum of Care Program - 2011 Shelter Plus Care Chronically Homeless	14.267	CA1144L9D121601	27,622	-
Continuum of Care Program - Ascencia Next Step	14.267	CA0731L9D121710	13,175	13,175
Sub-total - Continuum of Care Program			<u>2,108,339</u>	<u>1,316,090</u>
Shelter Plus Care - 2011 Shelter Plus Care Chronically Homeless	14.238	CA1144C9D121100	15,465	-
Housing Choice Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	CA114V	16,509,347	-
Pass-through Other Housing Authorities:				
Section 8 Housing Choice Vouchers	14.871	CA114V	15,059,490	-
Sub-total - Housing Choice Voucher Cluster			<u>31,568,837</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>75,846,065</u>	<u>2,185,968</u>
Social Security Administration:				
Direct Programs:				
Social Security - Work Incentives Planning and Assistance Program	96.008	5 WIP15050407-03-00	300,000	-
Total Social Security Administration			<u>300,000</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Labor:				
Pass-through State of California Employment Development Department (EDD):				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	K7102078	\$ 99,491	\$ -
WIOA Adult Program	17.258	K8106695	492,887	71,500
WIOA Youth Activities	17.259	K7102078	132,479	61,714
WIOA Youth Activities	17.259	K8106695	576,757	426,262
WIOA Dislocated Worker Formula Grants	17.278	K7102078	136,789	-
WIOA Dislocated Worker Formula Grants	17.278	K8106695	449,298	71,500
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	K7102078	17,645	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	K8106695	311,576	42,500
WIOA Dislocated Worker Formula Grants (Rapid Response Layoff Aversion)	17.278	K7102078	11,259	-
WIOA Dislocated Worker Formula Grants (Rapid Response Layoff Aversion)	17.278	K8106695	52,801	-
WIOA Adult - Disability Employment Accelerator Phase II	17.258	K698401	19,467	-
WIOA Adult - Disability Employment Accelerator Phase III	17.258	K7102078	146,028	-
WIOA Adult - CalJOBS VOS Enhancement - Touch Screen Technology	17.258	K7102078	3,000	-
WIOA Dislocated - Verdugo Sector Skills Project	17.278	K7102078	188,138	-
Sub-total WIOA Cluster			<u>2,637,615</u>	<u>673,476</u>
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	K597229	2,038	-
Employment Service/Wagner-Peyser Funded Activities	17.207	K7105780	1,687	-
Sub-total Employment Service Cluster			<u>3,725</u>	<u>-</u>
Total U.S. Department of Labor			<u>2,641,340</u>	<u>673,476</u>
U.S. Department of Justice:				
Direct Programs:				
Equitable Sharing Program	16.922	CA0192500	367,024	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0183	2,058	-
DNA Backlog Reduction Program	16.741	2015-DN-BX-0119	120	-
DNA Backlog Reduction Program	16.741	2016-DN-BX-0135	150,000	-
DNA Backlog Reduction Program	16.741	2017-DN-BX-0109	1,333	-
Sub-total DNA Backlog Reduction Program			<u>151,453</u>	<u>-</u>
Pass-through State of California Governor's Office of Emergency Services:				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ 16 04 6763	9,968	-
Total U.S. Department of Justice			<u>530,503</u>	<u>-</u>
U.S. Department of Transportation:				
Pass-through State Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction - Safe Route to School Improvement Phase 3	20.205	SRTSL-5144(063)	545,619	-
Highway Planning and Construction - Safe Route to School Program	20.205	SRTSLNI-5144(062)	94,793	-
Highway Planning and Construction - Safe Route to School Program Phase 3-4Es	20.205	SRTSL-5144(063)	14,422	-
Highway Planning and Construction - Hoover, Toll/Keppel Schools & Chevy Chase Dr SRTS	20.205	ATPL-5144(066)	765,267	-
Highway Planning and Construction - North Verdugo Road Safety Improvements	20.205	HSIPL-5144 (070)	40,740	-
Highway Planning and Construction - Caltrans Surface Transportation Program	20.205	RSTPL-5144 (067)	926	-
Sub-total Highway Planning and Construction Cluster			<u>1,461,767</u>	<u>-</u>
Pass-through LA County MTA:				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	CA-90-Y114	1,081,772	-
Bus and Bus Facilities Formula Program	20.526	CA-2017-058-00	45,280	-
Sub-total Federal Transit Cluster			<u>1,127,052</u>	<u>-</u>
Transit Services Programs Cluster:				
Enhanced Mobility for Seniors & Individuals with Disabilities	20.513	CA-16-X066	415,157	-
Sub-total Transit Services Programs Cluster			<u>415,157</u>	<u>-</u>
Pass-through State of California Office of Traffic Safety				
Highway Safety Cluster				
National Priority Safety Programs	20.616	PT1748	7,430	-
National Priority Safety Programs	20.616	PT18052	32,368	-
State and Community Highway Safety	20.600	PT1748	63,409	-
State and Community Highway Safety	20.600	PT18052	121,455	-
Sub-total Highway Safety Cluster			<u>224,662</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1748	37,842	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18052	71,205	-
Sub-total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>109,047</u>	<u>-</u>
Total U.S. Department of Transportation			<u>3,337,685</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program and/or Project Title	Federal CFDA Number	Pass-through Entity or Grant Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Institute of Museum and Library Services:				
Pass-through California State Library:				
Grants to States	45.310	40-8769	\$ 47,555	\$ -
Grants to States	45.310	40-8450	(10)	-
Total Institute of Museum and Library Services			47,545	-
National Endowment for the Humanities:				
Pass-through California Humanities:				
Promotion of the Humanities-Federal/State Partnership	45.129	HFAP17-20	259	-
Total National Endowment for the Humanities			259	-
U.S. Department of Education:				
Pass-through California State Library:				
Adult Education - Basic Grants to States	84.002	09-14508-2382-00	4,396	-
Adult Education - Basic Grants to States	84.002	15-14508/13978-2382-00	4,886	-
Adult Education - Basic Grants to States	84.002	10-14508-2382-00	3,003	-
Adult Education - Basic Grants to States	84.002	12-14508-2382-00	1,769	-
Total U.S. Department of Education			14,054	-
Department of Homeland Security:				
Pass-through City of Los Angeles:				
State Domestic Preparedness Equipment Support Program - FY 2005 State Homeland Security Grant Part 2	97.004	2005-15	(15,522)	-
Homeland Security Grant Program (FY2015 Urban Area Security Initiative)	97.067	2015-0078	678,046	-
Homeland Security Grant Program (FY2016 Urban Area Security Initiative)	97.067	2016-0102	637,247	-
Homeland Security Grant Program (FY2014 Urban Area Security Initiative)	97.067	C-126293	6,349	-
Sub-total Homeland Security Grant Program			1,321,642	-
Pass-through California Governor's Office of Emergency Services:				
Fire Management Assistance Grant	97.046	FEMA-5201-FM-CA	469,172	-
Total Department of Homeland Security			1,775,292	-
Total Expenditures of Federal Awards			\$ 84,942,315	\$ 3,000,444

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GLENDALE, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE #1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Glendale, California (City) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule 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 Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE #3 – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE #4 – WORKFORCE INNOVATION AND OPPORTUNITY ACT

The City, along with the cities of Burbank and La Cañada Flintridge, established a joint powers agreement on December 14, 1999, named the Verdugo Consortium (the Consortium) for the purpose of receiving a Workforce Innovation and Opportunity Act (WIOA) allocation and administering the WIOA program as a single participating jurisdiction. This agreement designates the Arroyo Verdugo Communities Joint Powers Authority (AVCJPA), which consists of one elected official from each of the three cities, to ratify appointments for members of the Verdugo Workforce Development Board. The City, as the Consortium’s lead entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all WIOA program requirements, including the receipt, disbursement, accounting for all WIOA program, and matching funds.

NOTE #5 – LOAN PROGRAM WITH CONTINUING COMPLIANCE REQUIREMENTS

The City administers loans that are made from funds provided by the Home Investment Partnerships Program (CFDA No. 14.239), and balances and transactions relating to the program are included in the City’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. As of June 30, 2018, the outstanding loan receivables balance is as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2018</u>
14.239	Home Investment Partnerships Program	\$40,616,181

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>
Identification of major federal programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.871</u>	<u>Housing Choice Voucher Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,548,269</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

CITY OF GLENDALE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018
II. FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2018-001

Program: Housing Choice Voucher Cluster

CFDA No.: 14.871

Federal Agency: U.S. Department of Housing and Urban Development

Award Year: 2017-18

Compliance Requirement: Activities Allowed or Unallowed

Criteria:

In accordance with 2 CFR 200.62, *internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

(a) Transactions are properly recorded and accounted for, in order to:

- (1) Permit the preparation of reliable financial statements and Federal reports;
- (2) Maintain accountability over assets; and
- (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:

- (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
- (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition Found:

Significant Deficiency – As a result of our audit procedures, we note three out of the four monthly HAP registers selected for testing did not have evidence of review or approval by the Director of Community Development. Upon further inquiry, we noted the HAP registers were not being reviewed by the Director of Community Development for the majority of the fiscal year under audit, although they were reviewed by the Senior Housing Supervisor.

Questioned Costs:

No questioned costs were identified as a result of the procedures performed.

CITY OF GLENDALE, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Context:

There are over 2,800 rental assistance participants in the Housing Choice Voucher Program that are included in the HAP register every month. HAP registers reflect the weekly and monthly payments to the property owners for all participants in the Housing Choice Voucher Program.

Effect:

The conditions noted above could result in the City disbursing HAP payments to ineligible or fictitious property owners.

Cause:

The final approval by the Director of Community Development for some HAP registers is missing due to the loss of key personnel in the Community Development Department during the fiscal year.

Recommendation:

We recommend the City implement procedures to ensure the HAP register is properly reviewed and approved by experienced management of the Program prior to the disbursement of funds.

View of Responsible Officials and Planned Corrective Action:

We concur. The Community Development Department Housing Division will revise policies and procedures to describe: (1) the process of systematic review of HAP registers prior to payment disbursements, and (2) documentation of completion of this review by experienced upper management staff designated by the Director of Community Development. Policies and procedures will include the internal control of the setup and modification of Housing Vendors, which starting with Community Development Department Housing Division's review and approval, then being forwarded to Finance Department Accounting Section for setup or update.

Name of Responsible Person:

Peter Zovak, Assistant Director of Community Development

Implementation Date:

February 1, 2019

CITY OF GLENDALE, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Finding No.	Program Name / Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2017-001	Segregation of Duties – Cash Disbursements	Not Applicable	Not Applicable	Implemented
2017-002	Risk Management Claims Reconciliation	Not Applicable	Not Applicable	Implemented
2017-003	WIOA Cluster	17.258, 17.259, 17.278	Subrecipient Monitoring	Implemented
2017-004	WIOA Cluster	17.258, 17.259, 17.278	Eligibility	Implemented