

City of Glendale, California

Compliance Report
Year Ended June 30, 2012

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City of Glendale, California

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-through Los Angeles County Department of Community and Senior Citizens Services:			
Food Distribution Program	10.570	AAA-ENP2-0809-009	\$ 31,334
Total U.S. Department of Agriculture			31,334
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant Cluster:			
Community Development Block Grant Entitlement Program	14.218	B-11-MC-06-0518	2,016,171
ARRA: Community Development Block Grant Entitlement Program CDBG-R Administration	ARRA-14.253	B-09-MY-06-0518	17,689
Section 108 Loan - Supportive Housing Homeless Hope Community Center and Compassion Center Project	14.248	B-09-MC-06-0518	2,000,000
Subtotal			4,033,860
Emergency Shelter Grants Program	14.231	S-11-MC-06-0518	161,470
Home Investment Partnership Program	14.239	M-11-MC-06-0512	253,166
Supportive Housing Program:			
2004 Chester Street Permanent Supportive Housing	14.235*	CA16B412-001	27,725
2004 Chester Street Permanent Supportive Housing	14.235*	CA0948B9D121001	37,534
SHP renewal project - Scattered Site Family Transitional Housing	14.235*	CA0730B9D120802	41,185
SHP renewal project - Scattered Site Family Transitional Housing	14.235*	CA0730B9D121003	139,304
SHP renewal project - Hamilton Court Transitional Housing Project	14.235*	CA0729B9D120802	106,859
SHP renewal project - Hamilton Court Transitional Housing Project	14.235*	CA0729B9D121003	154,036
SHP renewal project - PATH Achieve SSO	14.235*	CA0732B9D120802	152,313
SHP renewal project - PATH Achieve SSO	14.235*	CA0732B9D121003	638,707
SHP renewal project - HMIS	14.235*	CA0728B9D120802	25,562
SHP renewal project - HMIS	14.235*	CA0728B9D121003	69,558
SHP New Horizons Family Care Center	14.235*	CA0727B9D120802	4,462
Childcare for Homeless Families, The Salvation Army	14.235*	CA0727B9D121003	10,592
Glendale Next Step Permanent Supportive Housing Program	14.235*	CA0731B9C121003	146,080
PATH Ventures Chronic Lease Program	14.235*	CA0733B9D121003	330,150
Subtotal			1,884,067
Shelter Plus Care (S+C):			
2005 S+C Chronic Homeless Prog	14.238	CA16C512-001	34,354
Special Needs Assistance - 1998 Renewal Shelter Plus Care Grant	14.238	CA0724C9D121003	192,272
Special Needs Assistance - 1998 Renewal Shelter Plus Care Grant	14.238	CA0724C9D121104	42,751
2001 Shelter Plus Care Program	14.238	CA0726C9D120802	51,868
2001 Shelter Plus Care Program	14.238	CA0726C9D121003	62,635
1998 and 1999 Consolidated S+C	14.238	CA0882C9D120900	26,468
2010 Shelter Plus Care Chronic	14.238	CA0882C9D120900	15,431
Subtotal			425,779

(Continued)

City of Glendale, California

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
ARRA: Homeless Prevention and Rapid Re-housing Program:			
HPRP-Administration	ARRA-14.257*	S09-MY-06-0518	\$ 2,869
HPRP Data Collection and Evaluation	ARRA-14.257*	S09-MY-06-0518	78,130
HPRP Financial Assistance Program	ARRA-14.257*	S09-MY-06-0518	310,257
Rapid Re-Housing Program	ARRA-14.257*	S09-MY-06-0518	20,758
Rapid Re-Housing Program	ARRA-14.257*	S09-MY-06-0518	42,172
Subtotal			454,186
Section 8 – Housing Choice Vouchers – Housing Assistance Program	14.871	CA114V	14,623,150
Pass-through Other Housing Authorities:			
Section 8 – Housing Choice Vouchers – Portable Voucher Program	14.871	CA114V	14,897,013
Subtotal			29,520,163
Total U.S. Department of Housing and Urban Development			36,732,691
U.S. Department of Justice			
Pass-through California Emergency Management Agency:			
2010-11 Project Safe Neighborhoods	16.609	US100 36 763	22,226
2011-12 Project Safe Neighborhoods	16.609	US110 46 763	11,490
Subtotal			33,716
Direct Programs:			
LA Impact	16.000	N/A	18,657
Justice Assistance Grant (JAG) Program Cluster:			
2009 Justice Assistance Grant	16.738	2009-DJ-BX-0471	730
2011 Justice Assistance Grant	16.738	2011-DJ-BX-2331	31,056
2012 Justice Assistance Grant	16.738	2012-DJ-BX-0933	9,196
ARRA: 2009 Justice Assistance Grant	ARRA-16.804	2009-SB-B9-2024	4,650
Total JAG Program Cluster			45,632
Total U.S. Department of Justice			98,005
U.S. Department of Labor			
Pass-through State of California Employment Development Department:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	K178699	152,581
WIA Adult Program	17.258	K282515	593,377
WIA Youth Activities	17.259	K178699	124,857
WIA Youth Activities	17.259	K282515	568,337
WIA Dislocated Workers Formula Grant	17.278	K178699	179,979
WIA Dislocated Workers Formula Grant	17.278	K282515	639,564
WIA Adult Program – New Start Program II	17.258	K178699	103,946
WIA Dislocated Workers Formula Grant – WIA Rapid Response	17.278	K178699	93,871
WIA Dislocated Workers Formula Grant – WIA Rapid Response	17.278	K282515	290,075
WIA Adult Program - CDEI	17.258	K282515	79,985
WIA Adult Program - 15% Veteran's EAP	17.258	K178699	278,463
WIA Dislocated Workers Formula Grant	17.278	K282515	194,084
Total Workforce Investment Act Cluster			3,299,119
WIA - CDEI Wagner Peysler	17.207	K285818	36,166

(Continued)

City of Glendale, California

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
Pass-through United Way: ARRA: United Way – Smart Grid Training	ARRA-17.275*	GJ-20024-10-60-A-25	\$ 176,511
Total U.S. Department of Labor			3,511,796
U.S. Department of Transportation			
Pass-through State Department of Transportation: Highway Planning and Construction Cluster: ARRA: CalTrans Tier I Projects Glenoaks Blvd Traffic Signal Modification	ARRA-20.205*	ESPL-5144(055)	300,694
Total U.S. Department of Transportation			300,694
Institute of Museum and Library Services			
Pass-through California State Library: Public Library Staff Education Program 2010-2011 Local History Digital Resource	45.310 45.310	40-7648 40-7906	54 4,774
Total Institute of Museum and Library Services			4,828
U.S. Small Business Administration			
Direct Programs: Small Business Administration	59.000	SBAHQ-09-I-0022	57,302
Total Small Business Administration			57,302
Environmental Protection Agency			
Direct Programs: Chromium 6 Removal Studies III STAG: Congressionally Mandated Projects	66.202	XP-96990301	70,531
Total Environmental Protection Agency			70,531
U.S. Department of Energy			
Direct Programs: ARRA: Electricity Delivery and Energy Reliability, Research, Development and Analysis Program	ARRA-81.122*	DE-OE0000248	3,465,667
Total U.S. Department of Energy			3,465,667
U.S. Department of Health and Human Services			
Pass-through Los Angeles County Department of Community and Senior Citizens Services: Aging Cluster: Special Programs for the Aging – Title III, Part B Special Programs for the Aging – Title III, Part C	93.044 93.045	AAA-ENP2-0809-009 AAA-ENP2-0809-009	906 236,438
Total Aging Cluster			237,344
Pass-through Los Angeles County Department of Community and Senior Citizens Services: Youth Employment Program	93.558	IA1106	132,145
Total U.S. Department of Health and Human Services			369,489

(Continued)

City of Glendale, California

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
Social Security – Work Incentives Planning and Assistance Programs			
Direct Programs:			
Social Security Administration 7/2011 - 6/2012	96.008	14-W-50006-9-05	\$ 203,598
Total Social Security Administration			<u>203,598</u>
Department of Homeland Security			
Homeland Security Cluster:			
Pass-through Los Angeles County:			
FY 2007 State Homeland Security Grant	97.067*	2007-2008	257,925
FY 2008 State Homeland Security Grant	97.067*	2008-0006	1,191,598
FY 2009 State Homeland Security Grant	97.067*	2009-019	2,907,813
FY 2010 State Homeland Security Grant	97.067*	2010-0085	284,234
Subtotal			<u>4,641,570</u>
Pass-through City of Los Angeles:			
FY 2007 Urban Area Security Initiative - Homeland Security Grant	97.067*	2005-15,2007-0008	1,586
FY 2008 Urban Area Security Initiative - Homeland Security Grant	97.067*	2008-0006	216,654
FY 2009 Urban Area Security Initiative - Homeland Security Grant	97.067*	2009-019	531,925
Subtotal			<u>750,165</u>
Pass-through City of Los Angeles:			
FY 2010 Urban Area Security Initiative - Homeland Security Grant	97.008	2010-0085	127,644
Total Homeland Security Cluster			<u>5,519,379</u>
Pass-through FEMA State Office:			
FY 2009 Regional Assistance to Firefighters Grant	97.044*	EMW-2010-FR-00502	1,005,538
FY 2010 Regional Assistance to Firefighters Grant	97.044*	EMW-2010-FR-00181	1,141,082
			<u>2,146,620</u>
Total Department of Homeland Security			<u>7,665,999</u>
Total Expenditures of Federal Awards			<u>\$ 52,511,934</u>

CFDA - Catalog of Federal Domestic Assistance

* Denotes major program or cluster

N/A - Not available

See Notes to Schedule of Expenditures of Federal Awards.

City of Glendale, California

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the City of Glendale, California (the City). The Schedule includes federal awards received directly from federal agencies, as well as federal awards passed through other agencies. The City's reporting entity is defined in Note 1 to the City's basic financial statements. 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 of the City.

The accompanying Schedule is presented on the modified-accrual basis of accounting for those grants that were recorded in governmental funds, and on the accrual basis of accounting for those grants that were recorded in proprietary funds. Expenditures are recognized following the cost principles contained in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Workforce Investment Act

The City, along with the cities of Burbank and La Cañada Flintridge, established a joint powers agreement on August 23, 2005, named the Verdugo Consortium (the Consortium) for the purpose of receiving a Workforce Investment Act (WIA) allocation and administering the WIA program as a single participating jurisdiction. This agreement designates the Arroyo Verdugo Cities Steering Committee, which consists of one elected official from each of the three cities, to appoint Verdugo Workforce Investment Board members. The City, as the Consortium's lead entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all WIA program requirements, including the receipt and disbursement of, and accounting for, all WIA program and matching funds.

Note 3. Section 108 Loans

The City has two Section 108 loans outstanding at June 30, 2012. The City has pledged current and future Community Development Block Grant (CDBG) funds as principal security for the loan. In August 2008, the City entered into Section 108 Series 2002-A loan with an original loan amount of \$1,800,000. Series 2002-A loan payment is budgeted as a CDBG project each year based on the payment schedule. Principal and interest payments on the loan totaled \$248,000 for the year ended June 30, 2012. As of June 30, 2012, \$240,000 of the loan balance is outstanding.

In November 2011, the City entered into Section 108 Series 2011-A loan with an original loan amount of \$2,000,000 and remaining principal amounts ranging from \$161,000 to \$242,000. Series 2011-A loan payment is budgeted as a CDBG project each year based on the payment schedule. There were no principal payments as of June 30, 2012. Interest payments on the loan totaled \$6,000 for the year ended June 30, 2012. As of June 30, 2012, the entire \$2,000,000 loan balance is outstanding.

City of Glendale, California

Notes to Schedule of Expenditures of Federal Awards

Note 4. Subrecipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Program Title Provided	Federal CFDA Number	Amount
U.S. Department of Health and Human Services		
Youth Employment Program	93.558	\$ 119,438
Total U.S. Department of Health and Human Services		119,438
U.S. Department of Housing and Urban Development		
Community Development Block Grant	14.218	468,630
Emergency Shelter Grant	14.231	161,470
ARRA: Homeless Prevention and Rapid Re-housing	14.257	20,758
Supportive Housing Program	14.235	1,729,700
Total U.S. Department of Housing and Urban Development		2,380,558
U.S. Department of Labor		
Workforce Investment Act Cluster-WIA Adult Activities	17.258	92,127
Workforce Investment Act Cluster-WIA Dislocated Worker Activities	17.278	28,930
Workforce Investment Act Cluster-WIA Rapid Response Activities	17.278	32,769
Workforce Investment Act Cluster-WIA Youth Activities	17.259	344,881
ARRA: United Way-Smart Grid Training	17.275	39,000
Total U.S. Department of Labor		537,707
Total Amount Provided to Subrecipients		\$ 3,037,703

Note 5. California Emergency Management Agency (CalEMA) Disclosures

The following schedule represents the detail of expenditures related to a federal program passed through CalEMA (CFDA #16.609 in the Schedule) for the year ended June 30, 2012:

	Federal/State		Total
	Match	Local Match	
Project Safe Neighborhoods			
Grant Award Number US100 36 763 and US110 46 763:			
Personal Services	\$ -	\$ -	\$ -
Operating Expenses	33,716	-	33,716
Equipment	-	-	-
	\$ 33,716	\$ -	\$ 33,716



Independent Auditor's 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 Members of the City Council
City of Glendale, CA

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 of Glendale, California (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon, dated December 4, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of 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*.

This report is intended solely for the information and use of the City Council, the Audit Committee, management of the City, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey LLP

Los Angeles, CA
December 4, 2012



**Independent Auditor's Report on Compliance With Requirements That Could
Have a Direct and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133, and on the
Schedule of Expenditures of Federal Awards**

To the Honorable Members of the City Council
City of Glendale, CA

Compliance

We have audited the City of Glendale, California's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City 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, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2012, and have issued our report thereon, dated December 4, 2012, which contained an unqualified opinion on the financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 taken as a whole.

This report is intended solely for the information and use of the City Council, the Audit Committee, management of the City, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey LLP

Los Angeles, CA
December 4, 2012

City of Glendale, California

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.257	Homeless Prevention and Rapid Re-housing
14.235	Supportive Housing Program
17.275	United Way – Smart Grid Training Program
20.205	Highway Planning and Construction Cluster
97.044	Assistance to Firefighters Grant
97.067	Homeland Security Grant Program
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis Program

Dollar threshold used to distinguish between type A and type B programs: \$1,575,358

Auditee qualified as low-risk auditee? X Yes _____ No

City of Glendale, California

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

II. Financial Statement Findings

A. Internal Control

None reported.

B. Compliance Findings

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported.

B. Compliance Findings

None reported.

City of Glendale, California

**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2012**

There were no audit findings reported for the year ended June 30, 2011.