

CITY OF GLENDALE, CALIFORNIA
SINGLE AUDIT OF FEDERALLY ASSISTED
GRANT PROGRAMS

JUNE 30, 2020



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**CITY OF GLENDALE
TABLE OF CONTENTS
JUNE 30, 2020**

	<u>Page Number</u>
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 <i>Government Auditing Standards</i>	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3 - 5
Schedule of Expenditures of Federal Awards	6 - 8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10 - 15
Summary Schedule of Prior Audit Findings	16



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*

The Honorable Mayor and
Members of City Council
City of Glendale
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 (the City), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2020.

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 City'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as Finding 2020-001 to Finding 2020-004, that we consider to be significant deficiencies.

Compliance and Other Matters

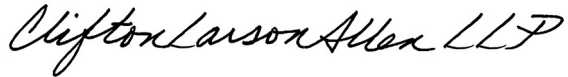
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City of Glendale's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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.



CliftonLarsonAllen LLP

Irvine, California
November 30, 2020



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

The Honorable Mayor and
Members of City Council
City of Glendale
Glendale, California

Report on Compliance for Each Major Federal Program

We have audited the City of Glendale, California's (the 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, 2020. The City's major federal programs are identified in the summary of auditors' 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, 2020.

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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 30, 2020, 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.

**Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance
(Continued)**

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
April 12, 2021

CITY OF GLENDALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass - Through Grantor / Program / Cluster Title / Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Community Development Block Grants - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,372,596	\$ 639,986
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218		6,698	-
Subtotal Community Development Block Grants - Entitlement Grants Cluster			<u>1,379,294</u>	<u>639,986</u>
Emergency Solutions Grants Program	14.231		137,698	129,838
COVID-19 - Emergency Solutions Grants Program	14.231		114,545	-
Subtotal Emergency Solutions Grants Program			<u>252,243</u>	<u>129,838</u>
Home Investment Partnerships Program	14.239		243,845	-
Home Investment Partnerships Program Income	14.239		37,061	-
Subtotal Home Investment Partnerships Program			<u>280,906</u>	<u>-</u>
Continuum of Care Program - 1998 & 1999 Consolidated Shelter Plus Care Program	14.267		276,513	-
Continuum of Care Program - 2001 Shelter Plus Care Program	14.267		85,532	-
Continuum of Care Program - 2001 Shelter Plus Care Program	14.267		63,375	-
Continuum of Care Program - 2005 Shelter Plus Care Program	14.267		112,544	-
Continuum of Care Program - 2010 Shelter Plus Care Program	14.267		10,960	-
Continuum of Care Program - 2011 Shelter Plus Care Program	14.267		10,604	-
Continuum of Care Program - 2011 Shelter Plus Care Program	14.267		32,218	-
Continuum of Care Program - 2019 Ascencia Housing Now	14.267		16,522	-
Continuum of Care Program - 2019 Consolidated Shelter Plus Care Program	14.267		31,006	-
Continuum of Care Program - Ascencia Housing Now Project	14.267		323,590	297,551
Continuum of Care Program - Ascencia Scattered Site Permanent Supportive Housing Program	14.267		141,090	132,138
Continuum of Care Program - Ascencia Scattered Site Permanent Supportive Housing Program	14.267		53,761	46,568
Continuum of Care Program - CES Reallocation 2015	14.267		119,586	119,586
Continuum of Care Program - CES Reallocation 2018	14.267		175,078	138,564
Continuum of Care Program - Chester Street Permanent Supportive Housing	14.267		37,753	35,306
Continuum of Care Program - Chester Street Permanent Supportive Housing	14.267		45,148	40,661
Continuum of Care Program - CoC Planning	14.267		58,517	-
Continuum of Care Program - CoC Planning	14.267		17,422	-
Continuum of Care Program - Family Promise of the Verdugos Rapid-Rehousing	14.267		43,560	41,228
Continuum of Care Program - Family Promise of the Verdugos Rapid-Rehousing	14.267		24,469	15,923
Continuum of Care Program - Homeless Management Information System	14.267		54,669	25,725
Continuum of Care Program - Homeless Management Information System	14.267		21,471	11,433
Continuum of Care Program - Next Step Permanent Supportive Housing	14.267		169,797	162,730
Subtotal Continuum of Care Program			<u>1,925,185</u>	<u>1,067,413</u>
Housing Voucher Cluster:				
Direct Assistance:				
Section 8 Housing Choice Vouchers	14.871		17,619,003	-
COVID-19 - Section 8 Housing Choice Vouchers	14.871		196	-
Mainstream Vouchers	14.879		31,900	-
Passed-through Other Housing Authorities:				
Section 8 Housing Choice Vouchers	14.871	CA114V	18,955,645	-
Subtotal Housing Voucher Cluster			<u>36,606,744</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>40,444,372</u>	<u>1,837,237</u>
U.S. Department of Justice				
Direct Assistance:				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		52,524	-
DNA Backlog Reduction Program (2017)	16.741		84,867	-
DNA Backlog Reduction Program (2018)	16.741		65,292	-
DNA Backlog Reduction Program (2019)	16.741		1,486	-
Subtotal DNA Backlog Reduction Program			<u>151,645</u>	<u>-</u>
Special Data Collections and Statistical Studies	16.734		117,380	-
Equitable Sharing Program	16.922		10,182	-
Passed-through State of California Governor's Office of Emergency Services				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ18066763	59,771	-
Total U.S. Department of Justice			<u>391,502</u>	<u>-</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass - Through Grantor / Program / Cluster Title / Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed-through State of California Employment Development Department:				
WIOA Adult Program	17.258	K9111037	149,130	-
WIOA Adult Program	17.258	AA011043	561,331	62,993
WIOA Adult Program - English Language Learner	17.258	K9111037	25,091	-
WIOA Adult Program - Workforce Accelerator Fund 7.0	17.258	K9111037	137,702	-
WIOA Adult Program - SlingShot 2.0	17.258	K9111037	158,982	-
WIOA Adult Program - Disability Employment Accelerator	17.258	K9111037	178,036	-
WIOA Adult Program - Veterans' Employment-Related Assistance Program	17.258	K8106695	238,884	-
Passed-through City of Los Angeles:				
WIOA Adult Program - P3 Initiative	17.258	AA-28305-16-55A-6	45,000	-
WIOA Adult Program - Marketing Communication Platform	17.258	AA-28305-16-55A-6	67,500	-
Subtotal WIOA Adult Program			<u>1,561,656</u>	<u>62,993</u>
Passed-through State of California Employment Development Department:				
WIOA Youth Activities	17.259	K9111037	108,115	-
WIOA Youth Activities	17.259	AA011043	481,509	320,383
Subtotal WIOA Youth Activities			<u>589,624</u>	<u>320,383</u>
WIOA Dislocated Worker Formula Grants	17.278	K9111037	173,697	-
WIOA Dislocated Worker Formula Grants	17.278	AA011043	581,051	62,980
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	AA011043	390,281	44,483
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	AA011043	89,573	-
COVID-19 - WIOA Dislocated Worker Formula Grants - COVID-19 Response	17.278	K9111037	71,374	-
COVID-19 - WIOA Dislocated Worker Formula Grants - Underserved COVID-19 Impacted Individuals	17.278	AA011043	16,562	-
Subtotal WIOA Dislocated Worker Formula Grants			<u>1,322,538</u>	<u>107,463</u>
Subtotal WIOA Cluster			<u>3,473,818</u>	<u>490,839</u>
Passed-through State of California Employment Development Department:				
Employment Service Cluster:				
Employment Services/Wagner-Peysner Funded Activities	17.207	K9111213	2,914	-
COVID-19 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
	17.277	AA011043	2,124	-
Total U.S. Department of Labor			<u>3,478,856</u>	<u>490,839</u>
U.S. Department of Transportation				
Passed-through State of California Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction - Safe Route to School Program	20.205	SRTSLNI-5144(062)	15,690	-
Highway Planning and Construction - North Verdugo Road Safety Improvements	20.205	HSIPL-5144 (070)	65,073	-
Highway Planning and Construction - Caltrans Surface Transportation Program	20.205	RSTPL-5144 (067)	191,574	-
Highway Planning and Construction - 1st/Last Mile Phase 2	20.205	ATPSB1L-5144(071)	117,011	-
Highway Planning and Construction - Pennsylvania Ave. Rehab	20.205	FERPL16 5144(069)	452,192	-
Highway Planning and Construction - Citywide Guardrail Upgrade	20.205	HSTPL-5144(074)	5,295	-
Highway Planning and Construction - Colorado St/Columbus Ave Rehab	20.205	STPL-5144(072)	4,938	-
Subtotal Highway Planning and Construction Cluster			<u>851,773</u>	-
Passed-through Los Angeles County Metropolitan Transportation Authority:				
Federal Transit Cluster:				
		CA-90-Y114		
Federal Transit Formula Grants	20.507	CA-95-X061	1,631,143	-
Federal Transit Formula Grants	20.507	CA-2018-095-00	2,267,538	-
Federal Transit Formula Grants	20.507	CA-95-X329-00	799,096	-
Subtotal Federal Transit Formula Grants			<u>4,697,777</u>	-
Passed-through State of California Office of Traffic Safety:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PT19044	59,072	-
State and Community Highway Safety	20.600	PT20054	52,615	-
Subtotal Highway Safety Cluster			<u>111,687</u>	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19044	45,592	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT20054	41,639	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>87,231</u>	-
Total U.S. Department of Transportation			<u>5,748,468</u>	-

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF GLENDALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass - Through Grantor / Program / Cluster Title / Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education:				
Passed-through California Humanities:				
Promotion of the Humanities-Federal/State Partnership	45.129	HFAP17-20	13,132	-
Total U.S. Department of Education:			13,132	-
U.S. Department of Health and Human Services				
Passed-through Los Angeles County Department of Workforce Development, Aging and Community Services:				
Aging Cluster:				
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	SSP141808	61,138	-
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers - Telephone Reassurance	93.044	ENP162007	1,169	-
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	ENP162007	295,476	-
COVID-19 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services - Families First COVID Response Act, C1	93.045	ENP162007	36,999	-
COVID-19 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services - Families First COVID Response Act, C2	93.045	ENP162007	1,111	-
Nutrition Services Incentive Program	93.053	ENP162007	25,995	-
Subtotal Aging Cluster			421,888	-
Temporary Assistance for Needy Families - Youth Program	93.558	IA0414	102,000	102,000
Total U.S. Department of Health and Human Services			523,888	102,000
Social Security Administration				
Direct Assistance:				
Social Security - Work Incentives Planning and Assistance Program	96.008		299,340	-
Total Social Security Administration			299,340	-
U.S. Department of Homeland Security				
Passed-through State of California Governor's Office of Emergency Services				
Homeland Security Grant Program - FY2017	97.067	2017-0083	11,419	-
Passed-through City of Los Angeles:				
Homeland Security Grant Program - FY2017	97.067	EMW-2017-SS-00083 C-136984	110,799	-
Homeland Security Grant Program - FY2019 Urban Area Security Initiative	97.067	EMW-2019-SS-00035	24,000	-
Subtotal Homeland Security Grant Program			146,218	-
Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00091-S01 DHS-16-NPD-133-00-01	6,556	-
Total U.S. Department of Homeland Security			152,774	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 51,052,332	\$ 2,430,076

CITY OF GLENDALE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Glendale (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2020. 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 statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the City's financial statements. 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.

NOTE 3 INDIRECT COST RATE

The City has elected not to use the 10% 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 programs, and matching funds.

NOTE 5 CONTINGENCIES

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

**CITY OF GLENDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants – Entitlement Grants Cluster
14.871, 14.879	Housing Voucher Cluster
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,531,569

Auditee qualified as low-risk auditee? x yes _____ no

**CITY OF GLENDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Finding 2020-001 – Supervision of Closing Procedures

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Multiple auditor proposed journal entries were recorded.

Criteria: An important part of financial reporting is to have accurate financial data.

Context: The proposed journal entries were the results of audit procedures.

Effect: Adjustments were made to restate the beginning fund balance of the Successor Agency Fund for cash with fiscal agent and deferred bond charges, adjust unearned revenues in the Successor Agency Fund, eliminate unavailable revenues in the General Fund, record a loan receivable in the Low and Moderate Income Housing Asset Fund, adjust interest receivable in the Internal Service Funds, and accrue accounts payable in the Measure R Regional Return Special Revenue Fund.

Cause: The misstatements were due to several factors, which consists of not reconciling the general ledger balances to supporting documents and a misunderstanding of the accounting treatment of the transactions.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that the City reviews its closing procedures for reviewing general ledger balances before the start of the next audit to reduce the number of auditor proposed journal entries.

View of responsible officials and planned corrective actions: While Finance already has a detailed year-end closing procedure, Finance will improve the reconciliation process between the ledger and the supporting documents. At the same time, Finance will be more proactive at discussing with the City's external auditors for any unusual transactions to make sure that we have the same understanding of the interpretations of the Governmental Accounting Standards. Furthermore, for the expense accrual, Finance will make sure that the Accounting staff study all the Accounts Payable invoices thoroughly, and confirm with the departments for the service period.

**CITY OF GLENDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Finding 2020-002 – Construction in Progress

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Certain capital improvement projects where construction was completed and the projects were placed in service had not been transferred from the capital asset classification “Construction in Progress (CIP)” to the appropriate final capital asset classification (e.g., infrastructure, improvements).

Criteria: An important part of financial reporting is ensuring the accuracy of capital asset classifications and appropriately estimating the use of those capital assets in the form of depreciation expense.

Context: During our review of capital assets, we inquired about the status of CIP that were still outstanding at year end. It was noted that certain projects were completed and should have been transferred to the appropriate capital asset classification to commence depreciation.

Effect: Depreciation was not recorded on these capital assets.

Cause: City departments did not communicate to the Finance department that certain projects were closed.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that City departments review and/or determine if CIP projects are completed during the year and promptly notify the Finance department to ensure accurate financial reporting and proper accounting of capital improvement projects.

View of responsible officials and planned corrective actions: In prior years, during the budget time and before the fiscal year end, Finance provided a list of all the open capital improvement projects to the City departments for review, and the departments informed Finance which projects to close. It turned out that the process was not efficient to identify all the projects that were completed. Starting in FY 2020-21, Finance will implement a new process. Finance will automatically close all the capital improvement projects that have no activities for a year, in addition to the projects that the departments inform Finance to close. Departments will have to provide justification approved by the department director and Finance Director in order to keep a project with no activity open.

**CITY OF GLENDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Finding 2020-003 – GWP Inventory

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The City has not performed cycle counts since the implementation of the Munis accounting system in January 2019.

Criteria: Sound procedures for taking physical inventories are important in assuring that inventory reflected in the financial records physically exists.

Context: During our review of inventory in the Electric Utility Fund, we noted that while the City has a policy that requires cycle counts of inventory, cycle counts were not being performed.

Effect: We performed sample counts and noted discrepancies between physical count and the perpetual inventory. As a result, the City performed a physical count of the entire inventory, which resulted in an immaterial adjustment.

Cause: Cycle counts were not being performed as Munis has not been able to provide reports required for cycle counts. In addition, some of the discrepancies noted during the sample counts were due to employees coming in after hours and not completing the necessary paperwork for usage or an unused item returned by an employee was not added back in the system.

Repeat Finding: Not a repeat finding.

Recommendation: While the adjustment was immaterial, we recommend the City ensures that cycle counts are performed and adjustments are made, if necessary. We also recommend the City establish procedures that will ensure the inventory system is properly updated whenever inventory is used or returned.

View of responsible officials and planned corrective actions: GWP will conduct regular cycle counts and adjustments on annual basis in compliance with all City of Glendale established policies and procedures. Additionally, to remedy after-hours transactional discrepancies, GWP will implement new after-hours procedures to accurately account and track all Warehouse transactions.

**CITY OF GLENDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Finding 2020-004 – Fleet Inventory

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The Perpetual Inventory Valuation report for inventory in the Fleet Management Internal Service Fund did not agree with the general ledger balance.

Criteria: Internal controls should be in place to reconcile the general ledger with the subsidiary ledger.

Context: During our review of inventory in the Fleet Management Internal Service Fund, we noted the inventory value in the perpetual report did not agree with the general ledger balance.

Effect: The lack of controls over reconciling the general ledger with the subsidiary ledger increases the risk of misstatements occurring and not being detected and corrected.

Cause: The inconsistency was because there were generally two purchase orders for each vendor, one charged to account 44350 (Shop PO) for sublet repairs, parts and service work and the second charged to account 14161 (Warehouse) for inventory parts. With two purchase orders for each vendor, this complicated the tracking of part purchased and resulted in mistakes.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that the City establish procedures that will ensure consistency in the way inventory parts are recorded in the general ledger and in the inventory system.

View of responsible officials and planned corrective actions: For FY 2020-21, the Public Works Fleet Services Division changed the way that purchase orders are requested and issued for all automotive parts. Fleet Services is now using the 14161 account string exclusively for purchasing all parts. For purchase orders with account string 44350, they are now solely used for sublet repair and service work (i.e., no parts). The change has resulted in a reduction of Fleet purchase orders charged directly to 44350 of about 70%. This will help mitigate the issue of parts going into inventory that have been expensed in the general ledger.

Public Works agrees with the audit recommendation and will draft procedures that reflect this new policy and ensure consistency with the way parts are received and accounted for in warehouse inventory. This will make certain inventory data in the City's financial management and fleet management system are consistent going forward.

**CITY OF GLENDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CITY OF GLENDALE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

FINDINGS-FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS-FEDERAL AWARD PROGRAM AUDITS

Finding 2019-001

Federal Program: Home Investment Partnerships Program
CFDA Number: 14.239

Condition: As a result of the testwork performed, it was noted five out of the fourteen payroll timesheets selected for testing did not have evidence of review or approval.

Status: Corrected.

Finding 2019-002

Federal Program: Continuum of Care
CFDA Number: 14.267

Condition: As a result of our Special Tests and Provisions testwork, it was noted the following: (1) 6 of 40 transactions where the reasonable rent comparison was not performed and reviewed, but the participant was receiving rental assistance, (2) 1 of 40 transactions in which the portion of rents paid with grant funds exceeded HUD-determined fair market rents.

Status: Corrected.

