

CITY OF GLENDALE, ARIZONA
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2017

**CITY OF GLENDALE, ARIZONA
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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**

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

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, Arizona (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 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 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. We did identify a deficiency in internal control, described as item 2017-001 in the accompanying schedule of findings and questioned costs, we consider to be a material weakness.

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

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*.

City of Glendale, Arizona's Responses to Findings

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

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 result 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

Phoenix, Arizona
December 21, 2017

**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, Arizona
Glendale, Arizona

Report on Compliance for Each Major Federal Program

We have audited the City of Glendale, Arizona (City)'s 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, 2017. 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 of Glendale, Arizona 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, 2017.

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. 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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 of Glendale, Arizona as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 21, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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

Phoenix, Arizona
December 21, 2017

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Program Name or Cluster Title	Federal CFDA Number	Pass-through Grantor	Federal/State Grant Pass-Thru #	FY 2017 Federal Program Expenditures	FY 2017 Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development					
Office of Community Planning and Development					
CDBG - Entitlement Grants Cluster (14.218 & 14.225)					
Community Development Block Grants/Entitlement Grants	14.218	Direct Grant	B-14-MC-040506	\$ 553,881	\$ 3,123
Community Development Block Grants/Entitlement Grants	14.218	Direct Grant	B-15-MC-040506	819,409	362,828
Community Development Block Grants/Entitlement Grants	14.218	Direct Grant	B-16-MC-040506	1,182,690	585,523
Community Development Block Grants/Entitlement Grants	14.218	Program Income	Program Income	125,372	-
Community Development Block Grants/Entitlement Grants - Neighborhood Stabilization Program	14.218	Program Income	Program Income	5,119	-
Community Development Block Grants/Entitlement Grants - Neighborhood Stabilization Program	14.218	Program Income	Program Income	20,947	-
Community Development Block Grants Entitlement Cluster - CFDA No. 14.218 - Total				2,707,418	951,474
Emergency Solutions Grant Program	14.231	Direct Grant	E-15-MC-040506	48,739	42,644
Emergency Solutions Grant Program	14.231	Direct Grant	E-16-MC-040506	103,731	101,780
Emergency Solutions Grant - CFDA No. 14.231 - Total				152,470	144,424
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-09-DC-04-0227	21,594	15,000
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-10-DC-04-0227	1,484	1,484
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-11-DC-04-0227	43,260	-
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-12-DC-04-0227	10,478	10,478
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-13-DC-04-0227	45,639	36,022
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-14-DC-04-0227	69,598	56,482
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-15-DC-04-0227	143,259	98,373
HOME Investment Partnerships Grant - CFDA No. 14.239 - Total				335,312	217,839
Office of Public and Indian Housing					
Public and Indian Housing	14.850	Direct Grant	SF-466	547,771	-
Housing Voucher Cluster (14.871 & 14.879)					
Section 8 Housing Choice Vouchers	14.871	Direct Grant	SF-512 V	8,563,735	-
Housing Voucher Cluster Total				8,563,735	-
Public Housing Capital Fund (CFP)	14.872	Direct Grant	AZ20P003501-13	3,400	-
Public Housing Capital Fund (CFP)	14.872	Direct Grant	AZ20P003501-14	14,834	-
Public Housing Capital Fund (CFP)	14.872	Direct Grant	AZ20P003501-15	153,696	-
Public Housing Capital Fund (CFP)	14.872	Direct Grant	AZ20P003501-16	131,602	-
Public Housing Capital Fund - CFDA No. 14.872 - Total				303,532	-
Total U.S. Department of Housing and Urban Development				12,610,238	1,313,737
U.S. Department of Justice					
Criminal Division					
Joint Law Enforcement Operations (JLEO)	16.111	Direct Grant	SW-AZ-0670	1,783	-
Joint Law Enforcement Operations (JLEO)	16.111	Direct Grant	SW-AZ-0767	15,072	-
Joint Law Enforcement Operations (JLEO)	16.111	Direct Grant	SW-AZ-0774	23,020	-
Joint Law Enforcement Operations (JLEO)	16.111	Direct Grant	M-16-D08-O-000606	10,000	-
Joint Law Enforcement Operations (JLEO) - CFDA 16.111 - Total				49,875	-
Missing Children's Assistance	16.543	City of Phoenix, Arizona Internet Crimes Against Children Task Force	2009-MC-CX-K013	4,995	-
Office of Victims of Crime					
Crime Victim Assistance	16.575	Arizona Department of Public Safety	State Contract #2014-281	164,743	-
Crime Victim Assistance	16.575	Arizona Department of Public Safety	State Contract #2014-280	75,270	-
Crime Victims Assistance - CFDA 16.575 - Total				240,013	-
Office on Violence Against Women					
Violence Against Women Formula Grants	16.588	Governor's Office for Youth, Faith and Families	ST-WSG-15-010115-07Y2	57,887	-
Violence Against Women Formula Grants	16.588	Governor's Office for Youth, Faith and Families	ST-WSG-15-010115-07Y3	33,245	-
Violence Against Women Formula Grants - CFDA 16.588 - Total				91,132	-
Office of Community Oriented Policing Services					
Public Safety Partnership and Community Policing Grants	16.710	Direct Grant	2013-ULWX-0003	343,462	-
Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Maricopa County, Arizona	2015-DJ-BX-0835	1,507	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Maricopa County, Arizona	2015-DE-BX-K060	430,409	-
Edward Byrne Memorial Justice Assistance Grant Program - CFDA No. 16.738 - Total				431,916	-
Criminal Division					
Equitable Sharing Program	16.922	Direct Grant	No grant number	9,692	-
Drug Enforcement Administration--DEA Phoenix Task Force	16.000	Direct Grant	No grant number	34,481	-
Federal Bureau of Investigation--Joint Terrorism Task Force	16.000	Direct Grant	No grant number	27,488	-
United States Secret Service Electronic Crimes Task Force	16.000	Direct Grant	No grant number	813	-
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Task Force	16.000	Direct Grant	No grant number	1,374	-
Total CFDA 16.000				64,156	-
Total U.S. Department of Justice				1,235,241	-

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Program Name or Cluster Title	Federal CFDA Number	Pass-through Grantor	Federal/State Grant Pass-Thru #	FY 2017 Federal Program Expenditures	FY 2017 Amount Provided to Subrecipients
<u>U.S. Department of Transportation</u>					
Federal Aviation Administration (FAA)					
Airport Improvement Program	20.106	Direct Grant	3-04-0064-025-2016	\$ 649,203	\$ -
				<u>649,203</u>	<u>-</u>
Federal Highway Administration (FHWA)					
Highway Planning and Construction Cluster (20.205, 20.219, 20.224 & 23.003)					
Highway Planning and Construction	20.205	Maricopa Association of Governments	CMAQ	241,039	-
Highway Planning and Construction Cluster Total				<u>241,039</u>	<u>-</u>
Federal Transit Administration (FTA)					
Federal Transit Cluster (20.500, 20.507, 20.525 & 20.526)					
Federal Transit--Formula Grants	20.507	City of Phoenix, Arizona	AZ-90-X124	164,600	-
Federal Transit--Formula Grants	20.507	City of Phoenix, Arizona	AZ-95-X027	175,800	-
Federal Transit--Formula Grants	20.507	City of Phoenix, Arizona	AZ-90-X136	561,431	-
Federal Transit Cluster - CFDA No. 20.507 - Total				<u>901,831</u>	<u>-</u>
Transit Services Programs Cluster (20.513, 20.516 & 20.521)					
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	City of Phoenix, Arizona	AZ-16-X002	12,641	-
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	City of Phoenix, Arizona	AZ-16-X005	43,588	-
Transit Services Programs Cluster - CFDA No. 20.513 - Total				<u>56,229</u>	<u>-</u>
National Highway Traffic Safety Administration (NHTSA)					
Highway Safety Cluster (20.600 - 20.602, 20.609 - 20.613, 20.616)					
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2016-PT-013	4,589	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2016-OP-003	15,534	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2017-PT-021	10,770	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2017-AI-001	7,702	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2017-AI-002	27,176	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2017-AL-020	2,092	-
State and Community Highway Safety - CFDA No. 20.600 - Total				<u>67,863</u>	<u>-</u>
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2016-405d-002	13,630	-
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2017-405d-011	11,945	-
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2017-405b-003	14,006	-
National Priority Safety Programs - CFDA No. 20.616 - Total				<u>39,581</u>	<u>-</u>
Highway Safety Cluster Total				<u>107,444</u>	<u>-</u>
Total U.S. Department of Transportation				<u>1,955,746</u>	<u>-</u>
<u>Institute of Museum and Library Services</u>					
Grants to States	45.310	Arizona State Library, Archives and Public Records	No grant number	6,821	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	No grant number	5,913	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	No grant number	19,369	-
Institute of Museum and Library Services - CFDA No. 45.310 - Total				<u>32,103</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>					
Administration for Children and Families					
TANF Cluster (93.558 & 93.714)					
Temporary Assistance for Needy Families	93.558	Arizona Department of Economic Security	DE111089001	149,953	-
TANF Cluster Total				<u>149,953</u>	<u>-</u>
Low-Income Home Energy Assistance	93.568	Arizona Department of Economic Security	DE111089001	552,776	-
Community Services Block Grant	93.569	Arizona Department of Economic Security	DE111089001	198,458	-
Social Services Block Grant	93.667	Arizona Department of Economic Security	DE111089001	77,376	-
Total U.S. Department of Health and Human Services				<u>978,563</u>	<u>-</u>
<u>Executive Office of the President</u>					
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-16-2632	801	-
HIDTA					
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-17-2740	4,572	-
HIDTA					
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-16-2630	58,390	-
HIDTA					
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-17-2738	5,926	-
HIDTA					
Executive Office of the President - CFDA No. 95.001 - Total				<u>69,689</u>	<u>-</u>

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Program Name or Cluster Title	Federal CFDA Number	Pass-through Grantor	Federal/State Grant Pass-Thru #	FY 2017 Federal Program Expenditures	FY 2017 Amount Provided to Subrecipients
<u>U.S. Department of Homeland Security</u>					
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	150202-01	\$ 184,959	\$ -
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	150808-02	19,216	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	150808-01	1,268	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	150807-03	18,403	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	150807-02	43,566	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	140803-03	486	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	160809-02	38,853	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	160809-01	3,220	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	150808-03	18,937	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	160808-01	83,458	-
Homeland Security Grant Program - CFDA No. 97.067 - Total				412,366	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Direct Grant	EMW-2013-FH-00763	203,295	-
Total U.S. Department of Homeland Security				615,661	-
Total Federal Financial Assistance				\$ 17,497,241	\$ 1,313,737

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Glendale, Arizona as of and for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal awards received directly from Federal agencies, as well as federal financial assistance passed through other entities, are included on the Schedule of Expenditures of Federal Awards and is presented 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial reports.

NOTE 2 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*.

Each program included in the CFDA is assigned a five-digit program identification number (CFDA number), the first two digits designating federal agency and the last three digits designating federal assistance program within the federal agency. The CFDA number is reflected in the Schedule of Expenditures of Federal Awards (SEFA). Federal assistance programs and awards which have not been assigned a CFDA number, but have a grant award or agreement number, are assigned a five digit code consisting of the first two digits indicating federal agency and the last three digits all zeros.

Cluster of Programs - Closely related programs with different CFDA numbers that share common compliance requirements are considered a cluster of programs. The only program clusters presented on the SEFA are those mandated by OMB in the most recent *OMB Compliance Supplement* (April 2017). The SEFA is structured to present the federal assistance information by cluster with the title of the cluster appearing in the heading.

NOTE 3 INDIRECT COST RATE

The City of Glendale, Arizona did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR 200.414.

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO STATEMENT REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS) AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (PROPRIETARY FUNDS)

(Amounts expressed in thousands)

Intergovernmental Revenues:		
from General Fund	\$ 60,945	
from Non-Major Governmental Funds	<u>28,739</u>	
Total from Governmental Funds		\$ 89,684
from Water and Sewer Fund	1,068	
from Housing Fund - Operating revenues and Capital Grants	<u>9,415</u>	
Total from Proprietary Funds		<u>10,483</u>
Total Intergovernmental Revenues		<u>100,167</u>
Less Non-Federal Revenue from General Fund:		
State and local intergovernmental revenues	<u>(60,945)</u>	(60,945)
Less Non-Federal Revenue from Transportation Fund:		
State LTAF revenue	(665)	
Other state and local intergovernmental revenues	<u>(830)</u>	(1,495)
Less Federal Revenue from General Obligation Debt Service Fund:		
Build America Bonds revenue (see Note 5)	<u>(552)</u>	(552)
Less Non-Federal Revenue from Non-Major Governmental Funds:		
State and HURF revenues in Highway Users Gas Tax Fund	(15,463)	
State and local grants in Other Special Revenue Funds	(3,006)	
State and local revenues in Capital Projects Funds	<u>(281)</u>	(18,750)
Less Federal Revenue from Proprietary Funds:		
Build America Bonds revenue in Water and Sewer fund (see Note 5)	<u>(1,069)</u>	(1,069)
Plus (Less) Immaterial Timing Differences:		
Federal revenues in Non-Major Governmental Funds not recorded in the current year	(10)	
Expenditures of Program Income Earned	<u>151</u>	141
Total Adjustments		<u>(82,670)</u>
Schedule of Expenditures of Federal Awards, Total Federal Financial Assistance		<u>\$ 17,497</u>

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 FEDERAL ASSISTANCE NOT INCLUDED

Expenditures related to federal assistance that is not considered Federal awards in accordance with Uniform Guidance have not been presented in this schedule. A detail of those expenditures are as follows:

Build America Bond Sudsidies:	(in thousands)
in General Obigation Debt Service Fund	\$ 552
in Water and Sewer Enterprise Fund	<u>1,069</u>
	<u>\$ 1,621</u>

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**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? 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? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant Entitlements Cluster
14.871	Section 8 Housing Choice Vouchers
20.507	Federal Transit Grant Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

2017-001:Material Audit Adjustments

Condition/Criteria: During the course of our audit, we proposed and the City subsequently recorded material audit adjustments to correct accounts receivable/revenue, prepaid expenditures, capital assets, deferred outflows of resources, accounts payable/expenditures/expenses, and deferred Inflows of resources.

Context: The following material audit adjustments were proposed during the audit and subsequently recorded by management:

- 1.) We proposed and the City subsequently recorded an adjustment to accrue revenue in the governmental fund financial statements. Management appropriately accrued the revenue in the government-wide financial statements; however, because the revenue was received within 60 days, the revenue should have been accrued in the governmental fund financial statements.
- 2.) We proposed and the City subsequently recorded adjustments to correct prepaids and capital assets in the governmental activities. The error was due to management erroneously recording a land purchase as a prepaid and due to excess contributions to the Public Safety Personnel Retirement System erroneously reducing the prepaid balance rather than recognizing an expenditure.
- 3.) We proposed and the City subsequently recorded an adjustment in the government-wide financial statements to properly state deferred outflows of resources and deferred inflows of resources due to an overstatement of both the deferred inflows and outflows of resources related to pensions and other postemployment benefits. The error was due to an adjustment to the internal service fund with no corresponding adjustment to the governmental activities in the government-wide financial statements.
- 4.) We proposed and the City subsequently recorded an adjustment to properly record deferred inflows of resources and interest expense in the government-wide financial statements for an error in management's recording of an economic gain on a current debt refunding.
- 5.) We proposed and the City subsequently recorded an adjustment to move assets from construction in progress to depreciable assets for assets that were placed into service during the year.
- 6.) We proposed and the City subsequently recorded an adjustment to accrue construction related accounts payable expenditures in the governmental fund financial statements. The adjustment also resulted in a proposed adjustment to record construction in progress on the government-wide financial statements.

Effect: Internal control weakness as material audit adjustments were proposed and subsequently recorded by management to properly state the financial statements in accordance with generally accepted accounting principles.

Cause: Management oversight and staff transitions.

Recommendation: We recommend the City evaluate its internal control processes over year-end closing procedures, including a complete review of the financial statements by an individual knowledgeable and not directly involved in the preparation of the financial statements to ensure that financial statements are prepared in accordance with GAAP and are properly reviewed prior to completion.

Management's Response: The City concurs with this recommendation.

Contact Person: Lisette Camacho, Assistant Director Budget and Finance Department

**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.