

**CITY OF GLENDALE, ARIZONA**

**SINGLE AUDIT ACT REPORTS**

**YEAR ENDED JUNE 30, 2019**

**CITY OF GLENDALE, ARIZONA  
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YEAR ENDED JUNE 30, 2019**

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 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) 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 in the accompanying schedule of findings and questioned costs as item 2019-001 that 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 Response to Findings**

The City’s response to the finding identified in our audit is described in the schedule of findings and questioned costs. The City’s response was 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  
January 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, 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, 2019. 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, 2019.

**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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, Arizona as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 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. 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

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

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 30, 2020

**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor Program Name or Cluster Title	CFDA Number	Pass-through Grantor	Pass-through Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Office of Community Planning and Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	NA	NA	\$ 11,445	\$ 2,977
Community Development Block Grants/Entitlement Grants	14.218	NA	NA	81,550	18,469
Community Development Block Grants/Entitlement Grants	14.218	NA	NA	237,552	713
Community Development Block Grants/Entitlement Grants	14.218	NA	NA	739,706	607,413
Community Development Block Grants/Entitlement Grants	14.218	NA	NA	881,440	310,026
Community Development Block Grants/Entitlement Grants	14.218	NA	NA	91,493	-
Total CDBG - Entitlement Grant Cluster (14.218)				2,043,186	939,598
Emergency Solutions Grant Program	14.231	NA	NA	17,189	2,863
Emergency Solutions Grant Program	14.231	NA	NA	31,372	30,264
Emergency Solutions Grant Program	14.231	NA	NA	133,136	119,700
				181,697	152,827
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-15-DC-04-0227	45,800	45,800
HOME Investment Partnerships Program	14.239	Maricopa County, Arizona	M-16-DC-04-0227	210,240	210,240
HOME Investment Partnerships Program	14.239		Program Income	47,342	-
				303,382	256,040
Office of Public and Indian Housing					
Public and Indian Housing	14.850	NA	NA	598,350	-
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871	NA	NA	8,230,476	-
Total Housing Choice Voucher Cluster (14.871)				8,230,476	-
Public Housing Capital Fund (CFP)	14.872	NA	NA	24,277	-
Public Housing Capital Fund (CFP)	14.872	NA	NA	118,444	-
Public Housing Capital Fund (CFP)	14.872	NA	NA	54,872	-
Public Housing Capital Fund Total				197,593	-
<b>Total U.S. Department of Housing and Urban Development</b>				<b>11,554,684</b>	<b>1,348,465</b>
<b><u>U.S. Department of Justice</u></b>					
Criminal Division					
Joint Law Enforcement Operations (JLEO)	16.111	NA	NA	375	-
Joint Law Enforcement Operations (JLEO)	16.111	NA	NA	39,959	-
Joint Law Enforcement Operations (JLEO)	16.111	NA	NA	22,159	-
				62,493	-
Office of Justice Programs					
Missing Children's Assistance	16.543	City of Phoenix, Arizona Internet Crimes Against Children Task Force	IGA # 149714-0	5,017	-
Office of Victims of Crime					
Crime Victim Assistance	16.575	Arizona Department of Public Safety	State Contract #2018-216	57,690	-
Crime Victim Assistance	16.575	Arizona Department of Public Safety	State Contract #2018-216	132,834	-
Crime Victim Assistance	16.575	Arizona Department of Public Safety	State Contract #2018-217	49,877	-
Crime Victim Assistance	16.575	Arizona Department of Public Safety	State Contract #2018-217	95,201	-
				335,602	-
Office of Community Oriented Policing Services					
Public Safety Partnership and Community Policing Grants	16.710	NA	NA	227,885	-
Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	NA	219	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	NA	53,960	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	NA	2,241	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	NA	76,412	-
				132,832	-
Criminal Division					
Equitable Sharing Program	16.922	NA	NA	84,265	-
Drug Enforcement Administration--DEA Phoenix Task Force	16.000	NA	NA	595	-
Drug Enforcement Administration--DEA Phoenix Task Force	16.000	NA	NA	35,850	-
Federal Bureau of Investigation--Joint Terrorism Task Force	16.000	NA	NA	7,266	-
Federal Bureau of Investigation--Joint Terrorism Task Force	16.000	NA	NA	19,711	-
United States Secret Service Electronic Crimes Task Force	16.000	NA	NA	1,500	-
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Task	16.000	NA	NA	297	-
<b>Total U.S. Department of Justice</b>				<b>913,313</b>	<b>-</b>



**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor Program Name or Cluster Title	CFDA Number	Pass-through Grantor	Pass-through Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Transportation</b>					
Federal Aviation Administration (FAA)					
Airport Improvement Program	20.106	NA	NA	\$ 1,386	\$ -
Airport Improvement Program	20.106	NA	NA	<u>1,561,842</u>	<u>-</u>
				1,563,228	-
Federal Highway Administration (FHWA)					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	Maricopa Association of Governments	CMAQ	515,332	-
Highway Planning and Construction	20.205	Arizona Department of Transportation	GLN-0(258)T/ T010101D 01X	30,653	-
				<u>545,985</u>	<u>-</u>
Federal Transit Administration (FTA)					
Federal Transit Cluster					
Federal Transit--Formula Grants	20.507	City of Phoenix, Arizona	AZ-90-X131	167,666	-
Federal Transit--Formula Grants	20.507	City of Phoenix, Arizona	AZ-90-X137	28,000	-
Federal Transit--Formula Grants	20.507	City of Phoenix, Arizona	AZ-2019-003-00	40,359	-
				<u>236,025</u>	<u>-</u>
Transit Services Programs Cluster					
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	City of Phoenix, Arizona	AZ-2018-001-00	25,955	-
				<u>25,955</u>	<u>-</u>
National Highway Traffic Safety Administration (NHTSA)					
Highway Safety Cluster					
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2019-PTS-019	18,550	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2019-AI-003	5,125	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2018-AL-014	34,529	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2018-PTS-026	13,158	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2018-OP-005	2,385	-
State and Community Highway Safety	20.600	Arizona Governor's Office of Highway Safety	2018-AI-005	3,767	-
				<u>77,514</u>	<u>-</u>
Total State and Community Highway Safety (20.600)					
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2019-405d-018	36,042	-
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2019-405b-004	6,321	-
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2019-CIOT-012	6,000	-
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2018-PB-003	29,936	-
National Priority Safety Programs	20.616	Arizona Governor's Office of Highway Safety	2019-PB-003	9,387	-
				<u>87,686</u>	<u>-</u>
				<u>87,686</u>	<u>-</u>
				<u>165,200</u>	<u>-</u>
Total National Priority Safety Programs (20.616)					
Highway Safety Cluster Total					
				<u>2,536,393</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>					
<b>2,536,393</b>					
<b>Institute of Museum and Library Services</b>					
Grants to States	45.310	Arizona State Library, Archives and Public Records	2018-0010-04	18,600	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	2018-0260-09	8,074	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	2018-0010-03	22,590	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	No grant number	4,000	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	2017-0170-07	907	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	2017-0170-06	9,057	-
Grants to States	45.310	Arizona State Library, Archives and Public Records	2017-0320-01	1,730	-
				<u>64,958</u>	<u>-</u>
<b>Total Institute of Museum and Library Services</b>					
<b>64,958</b>					
<b>U.S. Department of Health and Human Services</b>					
Administration for Children and Families					
TANF Cluster					
Temporary Assistance for Needy Families	93.558	Arizona Department of Economic Security	DE111089001	150,000	-
				<u>150,000</u>	<u>-</u>
Total TANF Cluster (93.558)					
Low-Income Home Energy Assistance	93.568	Arizona Department of Economic Security	DE111089001	774,577	-
Community Services Block Grant	93.569	Arizona Department of Economic Security	DE111089001	148,063	-
Social Services Block Grant	93.667	Arizona Department of Economic Security	DE111089001	87,159	-
				<u>1,159,799</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>					
<b>1,159,799</b>					
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-18-2847	13,686	-
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-17-2740	8,812	-
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-17-2738	34,413	-
High Intensity Drug Trafficking Areas Program	95.001	City of Tucson, Arizona Police Department	HT-18-2837	62,518	-
				<u>119,429</u>	<u>-</u>
<b>Total Executive Office of the President</b>					
<b>119,429</b>					
<b>U.S. Department of Homeland Security</b>					
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	170808-01	43,330	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	170808-02	147	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	170807-03	41,735	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	180808-02	44,598	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	180808-01	2,750	-
Homeland Security Grant Program	97.067	Arizona Department of Homeland Security	180807-01	54,850	-
				<u>187,410</u>	<u>-</u>
				<u>187,410</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>					
<b>187,410</b>					
<b>Total Federal Financial Assistance</b>				<b>\$ 16,535,986</b>	<b>\$ 1,348,465</b>

**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**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, 2019. 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 *2019 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* (August 2019). 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, 2019**

**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	\$ 65,739	
from Nonmajor Governmental Funds	29,329	
from General Obligation Debt Service Fund	505	
Total from Governmental Funds		\$ 95,573
from Water and Sewer Fund	538	
from Housing Fund - Operating Revenues and Capital Grants	9,026	
Total from Proprietary Funds	<u>9,564</u>	
Total Intergovernmental Revenues		<u>105,137</u>
Less Nonfederal Revenue from General Fund:		
State and Local Intergovernmental Revenues	<u>(65,739)</u>	(65,739)
Less Nonfederal Revenue from Transportation Fund:		
State LTAF revenue	(649)	
Other State and Local Intergovernmental Revenues	<u>(770)</u>	(1,419)
Less Federal Revenue from General Obligation Debt Service Fund:		
Build America Bonds Revenue (see Note 3)	<u>(505)</u>	(505)
Less Nonfederal Revenue from Nonmajor Governmental Funds:		
State and HURF Revenues in Highway Users Gas Tax Fund	(16,844)	
State and Local Grants in Other Special Revenue Funds	(3,280)	
State and Local Revenues in Capital Projects Funds	<u>(327)</u>	(20,451)
Less Federal Revenue from Proprietary Funds:		
Build America Bonds Revenue in Water and Sewer Fund (see Note 3)	<u>(538)</u>	(538)
Plus (Less) Immaterial Timing Differences:		
Federal Revenues in Nonmajor Governmental Funds Not Recorded in the Current Year	(88)	
Expenditures of Program Income Earned	139	51
Total Adjustments		<u>(88,601)</u>
Schedule of Expenditures of Federal Awards, Total Federal Financial Assistance		<u>\$ 16,536</u>

**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**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 Subsidies:	(in thousands)
in General Obligation Debt Service Fund	\$ 505
in Water and Sewer Enterprise Fund	<u>538</u>
	<u>\$ 1,043</u>

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**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditors’ 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 auditors’ 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>
14.871	Section 8 Housing Choice Vouchers Cluster
93.568	Low Income Housing Energy Assistance Program

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, 2019**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2019 – 001 Financial Reporting**

**Type of Finding:** Material Weakness in Internal Control Over Financial Reporting

**Condition/Context:** Audit adjustments were proposed and subsequently recorded by management to present capital assets in accordance with generally accepted accounting principles. An audit adjustment was proposed and subsequently recorded by management to reclassify construction in process (CIP) for completed projects out of CIP to its respective depreciable assets classifications.

Additionally, audit procedures identified a sales tax accrual that was double booked.

**Criteria or Specific Requirement:** Generally accepted accounting principles require management to maintain internal controls over the recording and reconciling of financial information.

**Effect:** Audit adjustments were proposed and subsequently approved and recorded by the management to record account balances in accordance with GAAP.

**Cause:** The City has not established internal controls to ensure capital assets are adjusted to their appropriate year-end balances in accordance with GAAP. Additionally, sales tax revenue accruals were not reconciled to the State Treasurer's report to identify the double recorded revenue.

**Repeat Finding:** No.

**Recommendation:** We recommend the City evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure capital assets and revenue are recorded properly. Additionally, we recommend that the City review these adjustments and modify year-end reconciling procedures in an effort to avoid similar adjustments next year.

**View of Responsible Official:** The City concurs with this recommendation.

**Contact Person:** Rebecca Chitwood, Controller

**CITY OF GLENDALE, ARIZONA (AN ARIZONA MUNICIPALITY)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted in the current year.