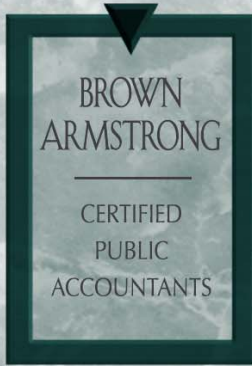


CITY OF PASADENA
SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2014

**CITY OF PASADENA
PASADENA, CALIFORNIA
SINGLE AUDIT REPORT ON FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable City Council
City of Pasadena
Pasadena, California

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pasadena, California (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 14, 2014.

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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accounting Schedule of Findings and Questioned Costs as Finding 2014-001.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying 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.

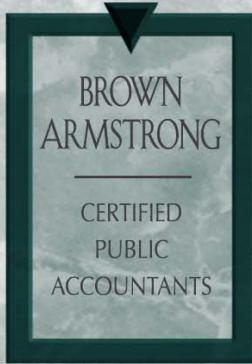
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 14, 2014



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 OMB CIRCULAR A-133

To the Honorable City Council
City of Pasadena
Pasadena, California

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Report on Compliance for Each Major Federal Program

We have audited the City of Pasadena's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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 have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a significant deficiency.

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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014. We issued our report thereon dated November 21, 2013, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 5 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 14, 2014

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<u>Department of Labor</u>					
<i>Passed through the State of California Employment Development Department</i>					
Workforce Investment Act - Adult	17.258	K386293, K491014	\$ 754,643	\$ -	
Workforce Investment Act - New Start 15% DW Aug	17.258	R970533			\$ 117,849
Workforce Investment Act - Veterans 15%	17.258	K386293	106,132	-	-
<i>Passed through the County of Los Angeles</i>					
Workforce Investment Act - LA Youth Jobs	17.258	IA0614	91,517	-	31,173
Sub-total			<u>952,292</u>	952,292	-
<i>Passed through the State of California Employment Development Department</i>					
Workforce Investment Act - Youth	17.259	K386293, K491014	495,783	-	9,019
<i>Passed through the County of Los Angeles</i>					
Workforce Investment Act - County Youth	17.259	IA1105	58,178	-	-
Sub-total			<u>553,961</u>	553,961	-
<i>Passed through the State of California Employment Development Department</i>					
Workforce Investment Act - Dislocated Worker	17.278	K386293, K491014	559,917	-	155,608
Workforce Investment Act - Rapid Response	17.278	K491014	206,985	-	-
Workforce Investment Act - Veterans 25%	17.278	K386293	129,783	-	50,157
<i>Passed through the City of Inglewood</i>					
Workforce Investment Act - CA Multi-Sector Partnership-25%	17.278	13WO60	137,961	-	-
Sub-total			<u>1,034,646</u>	<u>1,034,646</u>	-
Total Cluster				2,540,899	363,806
<i>Passed through the State of California Employment Development Department</i>					
Workforce Investment Act - Foster Youth	17.207	K491014		185,273	-
<i>Passed through the State of California Employment Development Department</i>					
Workforce Investment Act - National Emergency Grant	17.277	K282471		-	-
<i>Passed through the City of Inglewood</i>					
Workforce Investment Act - National Emergency Grant	17.277	11W109		135,015	-
Total Department of Labor				<u>2,861,187</u>	<u>363,806</u>

N/A indicates that information is not available

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

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<u>Department of Health and Human Services</u>					
<i>Direct Program</i>					
Food Inspection Tablet Program	93.103		-	174,413	-
<i>Direct Program</i>					
Special Projects of National Significance (SAMSHA)	93.928	N/A	165,791	-	-
Special Projects of National Significance (HRSA)	93.928	N/A	134,081	-	-
Sub-total			<u>299,872</u>	299,872	-
<i>Passed through the State of California Department of Health Service</i>					
Immunization Subvention Funds	93.268	09-11288	-	64,274	-
<i>Passed through the State of California Department of Health Service</i>					
Medi-Cal Administrative Claiming	93.778	04-35118	-	-	-
<i>Passed through the State of California Department of Health Service</i>					
Centers for Disease Control and Prevention - TB Local Assistance	93.283	N/A	-	18,879	-
<i>Passed through the State of California Department of Health Service</i>					
Child Lead Poison Prevention	93.197	11-10307	-	100,617	-
<i>Passed through the State of California Department of Health Service</i>					
MCH County and Comprehensive Prenatal Outreach	93.994	201061	158,819	-	-
MCH Black Infant (federal share only)	93.994	201061	218,216	-	-
Sub-total			<u>377,035</u>	377,035	-

N/A indicates that information is not available

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

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<i>Passed through the State of California Department of Health Service</i>					
<i>Nutrition Education and Obesity Prevention Program</i>	ARRA 10.561	13-20496		397,325	-
Child Health and Disability Prevention Program - Gateway	93.778	None - Pasadena 63		402,974	-
<i>Passed through the County of Los Angeles</i>					
Alcohol & Drug Abuse/Mental Hlt Ser Blk Gnt - AODPS	93.992	H702536	300,002	-	-
Alcohol & Drug Abuse/Mental Hlt Ser Blk Gnt - Gen Relief	93.992	H700118	13,044	-	-
Alcohol & Drug Abuse/Mental Hlt Ser Blk Gnt - CALWORKS	93.992	H701389A	-	-	-
Sub-total			<u>313,046</u>	313,046	-
<i>Passed through the County of Los Angeles</i>					
AIDS HIV Early Intervention	93.914	H209212		2,311,877	-
<i>Passed through the County of Los Angeles</i>					
Public Health Emergency Preparedness (formerly Bio-Terrorism)	93.069	H-701584, PH-002221		<u>275,710</u>	-
Total Department of Health and Human Services				<u>4,736,022</u>	-

N/A indicates that information is not available

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

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<u>Department of Housing and Urban Development</u>					
<i>Direct Program</i>					
CDBG Entitlement	14.218	N/A		1,541,695	640,536
CDBG	ARRA 14.253	N/A		-	-
				1,541,695	-
<i>Direct Program</i>					
Section 108 Loan - Fair Grove Shopping Center	14.248	N/A		358,453	-
<i>Direct Program</i>					
Section 8 Low Income Housing - Voucher Program	14.871	N/A		11,991,664	-
<i>Direct Program</i>					
HOME - Investment in Affordable Housing	14.239	N/A		382,844	-
<i>Direct Program</i>					
Shelter Plus Care	14.238	N/A		108,979	-
<i>Direct Program</i>					
Emergency Shelter Grant Program	14.231	N/A		123,514	114,553
<i>Direct Program</i>					
Continuum of Care Program (replaced Supportive Housing)	14.267	N/A		1,791,621	888,459
<i>Passed through the City of Los Angeles</i>					
Home Opportunities for Persons with AIDS	14.241	C98522		61,015	-
<i>Total Passed through City of Los Angeles</i>				-	-
				-	-
Total Department of Housing and Urban Development				<u>16,359,785</u>	<u>1,643,548</u>

N/A indicates that information is not available

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

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<u>Department of Agriculture</u>					
<i>Passed through the State of California Department of Agriculture</i>					
Supplemental Food Program for Women, Infants and Children (WIC)	10.557	05-45781		1,123,425	-
				-	-
Total Department of Agriculture				<u>1,123,425</u>	<u>-</u>
<u>Department of Homeland Security</u>					
<i>Passed through the County of Los Angeles</i>					
FY 2011 State Homeland Security Grant Program	97.005	2011-0019,OES#37-00000		148,028	-
<i>Passed through the City of Los Angeles</i>					
FY2011 Urban Areas Security Initiative	97.067	2011-0019,OES#37-95050	125,574		
FY2012 Urban Areas Security Initiative	97.067	2012-0019,OES#37-95050	<u>145,328</u>	-	-
Sub-total			<u>270,903</u>	270,903	-
				-	-
Total Department of Homeland Security				<u>418,931</u>	<u>-</u>

N/A indicates that information is not available

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<u>Department of Transportation</u>					
<i>Passed through the State of California Department of Transportation</i>					
La Loma Bridge	ARRA 20.205	HP21L-5064-(020)	222,878		
East Colorado Bl Specific Plan	ARRA 20.205	CML-5064(067)	669,593		
Route 210 Freeway Soundwalls	ARRA 20.205	HPLU-5064(058)	82,404		
Prevent Maint Asphal 2011-2015	ARRA 20.205	RPSTPLE-5064(070)	1,553,590		
Pedestrian Safety Enhance@SI	ARRA 20.205	HSIPL5064-(074)	32,006		
LTSignal Phs Colo/OraGrv/Holly	ARRA 20.205	HSIPL5064-(076)	10,950		
TS Improve at Pas Ave/Walnut	ARRA 20.205	HSIPL5064-(075)	32,222		
Safe Routes to School	ARRA 20.205	SRTSLNI-5064(069)	152,920		
Sub-total			<u>2,756,563</u>	2,756,563	-
Reconstruction of Eastside- Neighborhood & JPL Connector Trail	20.219	RT-19-032		<u>5,107</u>	
Total Cluster				2,761,670	-
<i>Passed through the State of California Department of Transportation</i>					
Purchase Fixed-Route Vehicle-FTA5316 JARC	20.516	CA-37-X171		407,167	-
<i>Passed through the State of California Department of Transportation</i>					
Purchase Fixed-Route Vehicle-MTA-CMAQ	ARRA 20.507	MOU.PASA6		1,839,600	
<i>Passed through the State of California Department of Transportation</i>					
Selective Traffic Enforcement Program	20.600	20253	43,977		
Selective Traffic Enforcement Program	20.600	PT14105	78,116		
UCB Sobriety Checkpoint Grant	20.600	SC12310	67,197		
UCB Sobriety Checkpoint Grant	20.600	SC14310	64,403		
Sub-total			<u>253,693</u>	253,693	-
<i>Passed through the State of California Department of Transportation</i>					
Transit Planning Student Internship	20.505	145.SCF02025.01		<u>24,425</u>	-
Total Department of Transportation				<u>5,286,555</u>	-

N/A indicates that information is not available

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

**CITY OF PASADENA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

	Federal Domestic Assistance Number	Program Identification Number	Sub-total Per CDF#	Program Expenditures	Amount Provided to Sub-Recipients
<u>Department of Justice</u>					
<i>Direct Programs</i>					
Asset Forfeiture	16.000	CA0195300	99,463	99,463	-
Edward Byrne Memorial Justice Assistance Grant - JAG 2013 grant	16.738	2013-DJ-BX-0608	37,353	<u>37,353</u>	<u>-</u>
Total Department of Justice				<u>136,816</u>	<u>-</u>
<u>Department of Treasury</u>					
<i>Direct Programs</i>					
Asset Forfeiture	21.000	CA0195300		<u>98,585</u>	<u>-</u>
Total Department of Treasury				<u>98,585</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE PROGRAMS				<u>\$31,021,306</u>	<u>\$ 2,007,354</u>

N/A indicates that information is not available

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

**CITY OF PASADENA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Pasadena (the City) that are reimbursable under the programs of federal agencies providing financial assistance. For the purposes of the schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received directly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported on the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local, or other non-federal funds are excluded from the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

C. Sub-recipients

During the fiscal year ended June 30, 2014, the City disbursed \$2,007,354 to sub-recipients to be used for the federally allowable expenditures in accordance with grant agreements.

NOTE 2 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following is a reconciliation between the Schedule of Expenditures of Federal Awards to Operating Grants and Contributions and Capital Grants and Contributions as presented in the City’s Comprehensive Annual Financial Report:

Operating Grants and Contributions	\$ 54,044,310
Capital Grants and Contributions	<u>11,194,136</u>
Total Grants and Contributions from Governmental Activities per the City's Comprehensive Annual Financial Report	\$ 65,238,446
Adjustments:	
Net increase in deferred revenues between fiscal year 2013 and fiscal year 2014 due to changes in eligibility	(3,888,655)
Net unbilled expenses due to timing differences	(248,295)
Grants from the State of California and other entities recorded as Operating and Capital Grants and Contributions in accordance with accounting principles generally accepted in the United States of America (GAAP)	17,520,797
Non-grant amounts received from the Federal Emergency Management Agency	(330,299)
Miscellaneous program income and other adjustments	24,024,779
Workforce Investment Act amounts reported in agency funds	<u>(2,861,187)</u>
Net Adjustments between the Schedule of Expenditures of Federal Awards and Grant Contributions	<u>34,217,140</u>
Total Expenditures of Federal Awards	<u>\$ 31,021,306</u>

NOTE 3 – CLUSTER INFORMATION

Presented in this note are only grants that are clustered under Part 5 of the *Compliance Supplement* to OMB Circular A-133, and all grants are not presented.

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
Community Development Block Grants (CDBG) - Entitlement Grants Cluster		
<i>Direct Programs</i>		
14.218	Community Development Block Grants/Entitlement Grants	<u>\$ 1,541,695</u>
Total CDBG - Entitlement Grants Cluster		<u>\$ 1,541,695</u>
Housing Voucher Cluster		
<i>Direct Programs</i>		
14.871	Section 8 Housing Choice Vouchers	<u>\$ 11,991,664</u>
Total Housing Voucher Cluster		<u>\$ 11,991,664</u>

NOTE 3 – CLUSTER INFORMATION (Continued)

Federal CFDA	Program Title	Federal Expenditures
Justice Assistance Grant (JAG) Program Cluster		
<i>Direct Programs</i>		
16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	\$ 37,353
Total JAG Program Cluster		<u>\$ 37,353</u>
Employment Service Cluster		
<i>Passed Through the State of California Economic Development Department</i>		
17.207	Employment Service	\$ 185,273
Total Employment Service Cluster		<u>\$ 185,273</u>
Workforce Investment Act (WIA) Cluster		
<i>Passed Through the State of California Employment Development Department</i>		
17.258	Workforce Investment Act - Adult	\$ 754,643
17.259	Workforce Investment Act - Youth	495,783
17.278	Workforce Investment Act - Dislocated Worker	559,917
17.278	Workforce Investment Act - Rapid Response	206,985
17.258	Workforce Investment Act - Veteran's 15%	106,132
17.278	Workforce Investment Act - Veteran's 25%	129,783
<i>Passed Through the County of Los Angeles</i>		
17.259	Workforce Investment Act - County Youth	58,178
17.258	Workforce Investment Act - LA Youth Jobs	91,517
<i>Passed Through the City of Inglewood</i>		
17.278	Workforce Investment Act - CA Multi-sector Partnership 25%	137,961
Total WIA Cluster		<u>\$ 2,540,899</u>
Highway Planning and Construction Cluster		
<i>Passed Through the State of California Department of Transportation</i>		
20.205	La Loma Bridge	\$ 222,878
20.205	East Colorado Blvd. Specific Plan	669,593
20.205	Route 210 Freeway Soundwalls	82,404
20.205	Preventive Maintenance - Asphalt St-2011-2015	1,553,590
20.205	Pedestrian Safety Enhance@SI	32,006
20.205	LTSignal Phs Colo/OraGrv/Holly	10,950
20.205	TS Improve at Pas Ave/Walnut	32,222
20.516	Purchase Fixed-Route Vehicle-FTA5316 JARC	407,167
20.507	Purchase Fixed-Route Vehicle-MTA-CMAQ	1,839,600
20.600	Selective Traffic Enforcement Program	43,977
20.600	Selective Traffic Enforcement Program	78,116
20.600	UCB Sobriety Checkpoint Grant	67,197
20.600	UCB Sobriety Checkpoint Grant	64,403
20.205	Safe Routes to School	152,920
		Reconstruction of Eastside-Neighborhood &JPL Connector
20.219	Trail	5,107
20.505	Transit Planning Student Internship	24,425
Total Highway Planning and Construction Cluster		<u>\$ 5,286,555</u>

NOTE 3 – CLUSTER INFORMATION (Continued)

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
Medicaid Cluster		
<i>Passed Through the State of California Department of Health Service</i>		
93.778	Child Health and Disability Prevention Program - Gateway	\$ 402,974
Total Medicaid Cluster		\$ 402,974

NOTE 4 – LOAN OUTSTANDING

At June 30, 2014, there was no amount remaining under the U.S. Department of Housing and Urban Development – Section 108 program. Amounts expended under the U.S. Department of Housing and Urban Development – Community Development Block Grant program were \$358,453 for fiscal year 2014. Amounts expended from the loan proceeds are reflected in the accompanying Schedule of Expenditures of Federal Awards.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated as of November 14, 2014, the date when the single audit report was issued and there are no subsequent events requiring disclosure.

**CITY OF PASADENA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

1. Summary of Auditor's Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unmodified opinion.**
- (b) Significant deficiencies in internal control that were disclosed by the audit of the financial statements: **None reported.**

Material weaknesses: **None.**

- (c) Noncompliance, which is material to the financial statements: **None.**

Federal Awards

- (d) Significant deficiencies in internal control over major programs: **Yes. See item 2014-001.**

Material weaknesses: **None.**

- (e) The type of report issued on compliance for major programs:

1. Highway Planning and Construction – Unmodified opinion
2. Community Development Block Grants/Entitlement Grants (CDBG) – Unmodified opinion
3. Workforce Investment Act (WIA) Cluster – Unmodified opinion
4. Continuum of Care Program – Unmodified opinion
5. Housing Voucher Cluster – Unmodified opinion

- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See item 2014-001.**

- (g) Major Programs:

- U.S. Department Transportation
 - Highway Planning and Construction (CFDA No. 20.205)
- U.S. Department of Housing and Urban Development
 - Community Development Block Grants/Entitlements Grants Cluster (CFDA No. 14.218)
 - Continuum of Care Program (CFDA. No. 14.267)
 - Housing Voucher Cluster (CFDA. No. 14.871)
- U.S. Department of Labor
 - Workforce Investment Act (WIA) Cluster (CFDA Nos. 17.258, 17.259, 17.278)

- (h) Dollar threshold used to distinguish between Type A and Type B programs \$930,669.

- (i) Low-risk auditee determination under Section 530 of OMB Circular A-133: **Yes.**

2. **Findings Related to Financial Statements Reported in Accordance with Government Auditing Standards**

None.

3. **Findings and Recommendations Relating to Federal Awards**

2014-001

Program: Continuum of Care Program

CFDA No.: 14.267

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

Passed-Through: N/A

Award Numbers: N/A

Award Year: Fiscal year 2013/14

Compliance Requirement: Reporting

Questioned Costs: N/A

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* states that Housing and Urban Development (HUD) Annual Progress Report (APR) is due from each grantee 90 days after the end of each operating year. The U.S. HUD Grantee Monitoring Handbook, Chapter 2 also requires the report to be submitted 90 days after the end of the operating year (24CFR 583.400(b)).

Condition Found:

During our review of the APR, we noted that the APR's for 3 out of 4 sub-recipients tested were submitted untimely.

Effect:

The City is not in compliance.

Recommendation:

We recommend the City implement procedures to appoint a responsible individual to oversee the APR's to ensure timely submission.

Views of Responsible Officials:

We agree with the recommendation. The Housing Department will implement a tracking mechanism to ensure that draft APRs are submitted by sub-recipients 30 days prior to the due date to HUD so that corrections can be made if needed and the data can be entered into the HUD reporting system prior to the due date, and the Director or a designee will confirm submittal of the APRs to HUD prior to the due date.

**CITY OF PASADENA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014**

2013-001

Program: Supportive Housing

CFDA No.: 14.235

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

Passed-Through: N/A

Award Numbers: N/A

Award Year: Fiscal year 2012/13

Compliance Requirement: Sub-Recipient Monitoring

Questioned Costs: N/A

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* states that the HUD-40118 Annual Progress Report (OMB No. 2506-0145) is due from each grantee 90 days after the end of each operating year. The United States Department of Housing and Urban Development (HUD) Grantee Monitoring Handbook, Chapter 2 also stipulates that this report is due 90 days after the end of the operating year (24 CFR 583.400(b)).

Condition Found:

During our review of the Annual Progress Reports, we noted that the sub-recipients were not submitting their reports within the required 90 days after the end of the operating year. This condition existed with three of the five Annual Progress Reports that we reviewed.

Effect:

The City is not in compliance.

Recommendation:

We suggest that the Annual Progress Reports submission should be properly monitored and reports to be timely submitted to adhere to the compliance requirements.

Views of Responsible Officials:

The City agrees with this finding. The Annual Progress Reports (APRs) have been submitted past due date owing to challenges that providers have had in synchronizing HMIS data with required APR data elements. This has been primarily a training issue. Staff have been working with providers and provided technical assistance. Moving forward, the first draft APRs will be required to be submitted to the City within two (2) weeks of program year end to ensure that all issues will be resolved prior to the APR due date.

Current Year Status:

See Finding 2014-001.

2013-002

Program: Community Development Block Grant
CFDA No.: 14.218 and 14.253
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: N/A
Award Year: Fiscal year 2012/13
Compliance Requirement: Reporting
Questioned Costs: N/A

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* states that HUD 60002 Section 3 reports are to be submitted annually. Additionally, Consolidated Annual Performance and Evaluation Report (CAPER) is required to be submitted within 90 days at the end of the Program year and is required to contain the C04PR03 report in addition to the C04PR26 report.

Condition Found:

During our review of 2013 CDBG program no evidence of submission of the HUD 60002 Section 3 report was provided. Additionally, the CAPER was submitted late and did not include all the required components.

Effect:

The City is not in compliance.

Recommendation:

We suggest that the CDBG program to be properly monitored for complete and timely submission of the required reports to adhere to the compliance requirements.

Management's Comments Regarding Corrective Actions Planned:

The City agrees with this finding. To supplement staff capacity, the Housing Department has retained additional consultant services to work with management to develop and implement a monitoring schedule to ensure that required reports are submitted in compliance with requirements.

Current Year Status:

Resolved.

2013-003

Program: Community Development Block Grant

CFDA No.: 14.218 and 14.253

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

Passed-Through: N/A

Award Numbers: N/A

Award Year: Fiscal year 2012/13

Compliance Requirement: Reporting

Questioned Costs: N/A

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for sub-recipient monitoring state that the pass-through entity is responsible for monitoring the sub-recipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. Per review of the City's guidelines, all sub-recipients are monitored on an annual basis.

Condition Found:

During our review of programmatic sub-recipients monitoring for CDBG programs, out of four sub-recipients that we reviewed no evidence of monitoring was provided for two of them.

Effect:

The City is not in compliance.

Recommendation:

We suggest that programmatic sub-recipients monitoring to be done and documented on a regular basis for ensuring all appropriate monitoring procedures are performed to adhere to the compliance requirements.

Views of Responsible Officials:

The City agrees with this finding. To supplement staff capacity, the Housing Department has retained additional consultant services to work with management to develop and implement sub-recipient monitoring procedures and a schedule to ensure that required monitoring is performed in compliance with requirements.

Current Year Status:

Resolved.