



To the Honorable Mayor and
Members of the City Council
City of Burbank
Burbank, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Burbank (the City) as of and for the year ended June 30, 2021, and have issued our report thereon dated November 23, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

- The actuarially determined contributions, OPEB expense, net OPEB liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by a third-party actuary.
- The claims liability for worker's compensation and general liabilities are based on estimates by an actuary.
- The liability for landfill closure and post-closure care costs are based on estimates by City's public works department.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- In Note 8 regarding landfill closure and post-closure care costs.
- Note 11 regarding power supply expenses for the electric utility,
- Note 15 regarding self-insurance,
- Note 17 regarding the defined benefit pension plans,
- and Note 18 regarding the City's other postemployment benefit plans.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Capital assets of approximately \$11 million were reclassified out of construction in progress.
- Accounts receivable on a contingent gain of approximately \$3.8 million was reversed.

- Unbilled receivables of approximately \$622,000 for the general fund and \$170,000 for the aggregate remaining fund information was accrued

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2021.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual non-major fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 23, 2021.

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The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

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This communication is intended solely for the information and use of the City Council and management of the City of Burbank and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Irvine, California
November 23, 2021

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT				
City of Burbank				
Low/Mod Income Housing (305)				
Year Ended June 30, 2021				
UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Net current year misstatements (Iron Curtain Method)	-	-	-	-
Net prior year misstatements	-	-	-	164,414
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ 164,414
Financial statement totals	\$ 48,438,000	\$ 140,000	\$ 48,298,000	\$ (476,000)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				-35%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT				
City of Burbank				
Electric (496)				
Year Ended June 30, 2021				
UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Gas hedging contract	\$ 938,372	\$ (938,372)		
Net current year misstatements (Iron Curtain Method)	938,372	(938,372)	-	-
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ 938,372	\$ (938,372)	\$ -	\$ -
Financial statement totals	\$ 468,282,000	\$ 165,290,000	\$ 302,991,000	\$ 9,515,000
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	-1%		
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	-1%		