

CITY OF BURBANK, CALIFORNIA
SINGLE AUDIT OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022



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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**

City Council
City of Burbank
Burbank, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burbank, California (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Compliance and Other Matters

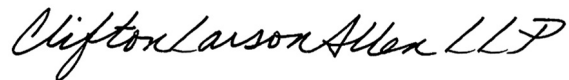
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Burbank's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit is described in the accompanying schedule of findings. 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 the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
February 15, 2023



**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**

City Council
City of Burbank
Burbank, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Burbank's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Burbank complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to this matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2002-003 to be a significant deficiency.

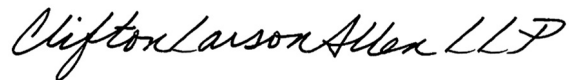
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Burbank, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 15, 2023, 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

Irvine, California
March 1, 2023

**CITY OF BURBANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 606,146	\$ 427,189
COVID-19 Community Development Block Grants/Entitlement Grants	14.218		459,604	459,604
Subtotal U.S. Department of Housing and Urban Development			1,065,750	886,793
HOME Investment Partnerships Program	14.239	N/A	126,308	-
Continuum of Care Program	14.267	N/A	411,382	67,713
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	11,616,045	-
COVID-19 Emergency Housing Vouchers	14.871	N/A	79,489	-
COVID-19 HCV CARES	14.871	N/A	423,654	-
Subtotal Housing Voucher Cluster			12,119,188	-
Total U.S. Department of Housing and Urban Development			13,722,628	954,506
U.S. Department of Justice				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	26,162	-
U.S. Department of Labor				
Passed Through the State of California:				
Employment Development Department:				
WIOA Cluster:				
WIA Adult Program	17.258	Catalog 417260	130,500	-
U.S. Department of Transportation				
Passed Through the California Office of Traffic and Safety:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18015	102,833	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BURBANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of the Treasury				
Direct Assistance:				
Equitable Sharing	21.016	N/A	\$ 28,415	\$ -
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	4,592,083	
Passed Through the State of California:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CAPP-PN-2021-06	1,688,603	
Passed Through the State of California:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	68-0281986	617,091	
Subtotal COVID-19 Coronavirus State and Local Fiscal Recovery Funds			<u>6,897,777</u>	<u>-</u>
Passed Through the State of California:				
COVID-19 Coronavirus Relief Funds	21.019	N/A	10,180	
Total U.S. Department of Treasury			<u>6,936,372</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through the Los Angeles County Workforce Development, Aging, and Community Services:				
Aging Cluster:				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	ENP-202102	1,000	-
Title III, Part C1 - Congregate Nutrition	93.045	ENP-202102	355,647	-
COVID-19 Title III, Part C1 - Congregate Nutrition	93.045	ENP-202102	135,030	-
Nutrition Services Incentive Program	93.053	ENP-202102	45,138	-
Subtotal Aging Cluster			<u>536,815</u>	<u>-</u>
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	ENP 202102	178,184	-
Total U.S. Department of Health and Human Services			<u>714,999</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed Through the City of Los Angeles:				
Homeland Security Grant Program	97.067	UASI C-129267	104,559	-
Total U.S. Department of Homeland Security			<u>104,559</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 21,738,053</u>	<u>\$ 954,506</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF BURBANK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Burbank (the City) under programs of the federal government, as well as federal financial assistance passed through other government agencies for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Federal Assistance Listing Number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF BURBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Vouchers - Housing Vouchers Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? x yes _____ no

**CITY OF BURBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022– 001

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

Condition: During our audit material audit adjustments were required to adjust capital assets of approximately \$2,557,000 by reclassifying them out of construction in progress for the Street Lighting Fund, derivative instruments were adjusted by approximately \$2,020,000 for the Electric Utility Fund, prepaid expenses of approximately \$812,000 that were also accrued to accounts payable were reversed across multiple funds, and deposits of approximately \$2,295,000 were either recognized as revenue or reclassified to accounts payable across the utility funds.

Criteria or specific requirement: The City is required to produce financial statements that are free of material misstatements.

Effect: Prior to audit adjustments being recorded, the City’s financial statements were materially misstated.

Cause: Due to turnover in the City’s financial service department, and strain on staffing due to the City’s late implementation of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, the City’s internal controls over financial statement close and reporting did not operate as designed.

Recommendation: We recommend that the City review its internal control procedures over financial statement close and reporting to ensure that they operate as designed.

Views of responsible officials and planned corrective actions: Staff agrees with the adjustment to capital assets of approximately \$2,557,000 and deposits of approximately \$2,295,000. Staff recognizes a timing issue related to closing projects. Both the City and Utility Finance Divisions have had a resource issue which will be rectified as vacant positions are filled. The Utility is committed to booking its transactions correctly and will modify its practice to include more frequent reviews of active projects to improve the timeliness of capitalization and billing and to eliminate auditor proposed journal entries moving forward.

Staff agrees with the adjustment to derivative instrument of approximately \$2,020,000. The Utility is committed to booking its transactions correctly and will defer to subject matter expert guidance on new GASBs and these types of transactions to eliminate auditor proposed journal entries moving forward.

Staff agrees with the \$812,000 adjustment, which was necessary to accommodate invoices with services that crossed fiscal years. The City’s Oracle AP System can only handle this situation manually, leaving these transactions susceptible to errors. An AP automation project is currently underway which will create a computerized process to prorate these types of invoices and allocate the expenses to the correct fiscal years, eliminating the need for manual adjustments.

**CITY OF BURBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

2022 – 002

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

Condition: During our review of the City’s Schedule of Expenditures of Federal Awards (SEFA), we noted that expenditures totaling approximately \$2,018,000 were omitted from the schedule.

Criteria or specific requirement: The City is required to produce financial statements that are free of material misstatements.

Effect: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) expenditures reported on the SEFA were understated.

Cause: While expenditures related to the City’s metropolitan city allocation of funding under the American Rescue Plan Act (ARPA) was properly included on the SEFA, funding received as a passthrough from the State of California for the purpose of providing utility assistance customers was not properly identified as a passthrough of ARPA funds.

Recommendation: We recommend that for all new grant received, the City research and inquire of the granting agency whether the funding is federally sourced.

Views of responsible officials and planned corrective actions: The California Arrearage Payment Program dedicated federal American Rescue Plan Act funding to address Californian’s energy debts. Because the funds were coming from the State, staff mistakenly believed that these were state funds instead of federal funds and therefore inadvertently left them off the SEFA. It was not explicit that these were federal funds being passed through the state. Moving forward, staff will do a more diligent job in researching and understanding the original funding source of all grants.

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 003

Federal agency: U.S. Department of Treasury

Federal program title: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listings Number: 21.027

Pass-Through Agency: State of California

Pass-Through Number(s): CAPP-PN-2021-06 / 68-0281986

Award Period: March 4, 2020 through June 15, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

**CITY OF BURBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Post Federal Award Requirements* requires that the financial management system of a non-Federal entity provide for accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with reporting requirements.

Condition: Expenditures were incurred that were outside of the award period.

Questioned costs: Known questioned costs of \$304. Based on the error rate of the population sampled, likely questioned costs are approximately \$25,400.

Context: 2 of 40 samples tested had questioned costs.

Cause: Account balance changes took place between the time arrearage credits were calculated and the time they were posted.

Effect: Credits were made to utility customer accounts on balances in excess of the balance that was in arrears during the program period.

Repeat Finding: No.

Recommendation: We recommend that the City review its procedures for the preparation and review of reporting for Federal grants, whereby amounts included on reports are reconciled to the City's accounting records.

Views of responsible officials and planned corrective actions:

We agree with the auditor's findings and recognize that some customers did receive funding beyond the June 15, 2021 deadline. BWP calculated the daily average arrears for each customer with 60 plus days arrears during the program pandemic period and cross referenced it with the actual past due balances as of June 15, 2021 to ensure no arrears prior to March 4, 2020 were included. Prior to the pandemic, BWP did not have sufficient arrearage data to easily calculate the credits, hence BWP relied on a data search methodology that estimated qualified customer balances to apply funds. Since the pandemic, BWP has changed its reporting on customer arrearages. BWP will run a daily aging report that will be used to calculate customer arrearages incurred during a specific period. Before credits are authorized, BWP Customer Service will manually spot-check the data set to verify accuracy.

With regards to review of Federal grants awarded, BWP holds a monthly meeting with key personnel and an outside grants administrator to get status updates of pursued and/or awarded grants, including any federally funded grants. The Financial Accounting Manager-BWP and Principal Utility Accounting Analyst now attend this meeting. The Principal Utility Accounting Analyst will be responsible for timely communication of all key Federal grants data to City Finance and will prepare an annual schedule for all grant funding received/spent through the general ledger. In addition, BWP's Legislative Analyst and BWP Finance staff will cross check records to timely reconcile grant reporting/activity.

**CITY OF BURBANK
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

Section I – Financial Statement Findings

2021 – 001

Condition: Constructed capital assets had been put into use yet were still classified as construction in progress. An important element of internal controls over the reporting of capital assets is to identify constructed assets that have been put into use. Capital assets that have been put into use should be reclassified from construction in progress and depreciation started.

Status: Corrective action was taken.

2021 – 002

Condition: Accounts receivable and deferred revenue had been recorded based on the filing of an insurance claim. We were unable to conclude that the claim was realizable. An estimated gain from a contingency should not be recorded until it is realized or realizable.

Status: Corrective action was taken.

2021 – 003

Condition: Street lighting in-lieu unbilled receivables had not been accrued for at year-end. Revenue that has been earned yet not yet billed should be accrued for.

Status: Corrective action was taken.

**CITY OF BURBANK
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

Section II – Findings and Questioned Costs – Major Federal Programs

2021 – 004

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

Federal program title: Community Development Block Grants

Assistance Listings Number: 14.218

Pass-Through Agency: State of California Department of Transportation

Pass-Through Number(s): CML-5200(046)

Award Period: July 1, 2020 through June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Condition: During our testing, we noted the City's submitted Consolidated Annual Performance and Evaluation Report (CAPER) for the year ended June 30, 2022 was incomplete and included inaccurate information.

Status: Corrective action was taken.

2021 – 005

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

Federal program title: Community Development Block Grants

Assistance Listings Number: 14.218

Award Period: July 1, 2020 through June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Condition: The City is a prime recipient and provided subawards totaling \$2,755,587 to sixteen recipients, with seven subrecipients over the \$30,000 reporting threshold. No FFATA reports were filed for these seven recipients.

Status: Corrective action was taken.



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