



# CITY OF BURBANK, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2024

SINGLE AUDIT REPORT

Focused  
on YOU



CITY OF BURBANK, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2024

CITY OF BURBANK, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2024

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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*

To the Honorable Mayor and Members of the City Council  
City of 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 City of Burbank, California (the "City"), as of and for the year ended June 30, 2024, 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 8, 2025.

### **Report on 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 entity'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 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.



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

### **City'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 and 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 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.

LSL, LLP

Irvine, California  
January 8, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Burbank, California (the "City")'s 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 the City's major federal programs for the year ended June 30, 2024. 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.

In our opinion, the City 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, 2024.

***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; 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 Auditor's 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.

***Auditor's 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 generally accepted auditing standards,



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

*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 generally accepted auditing standards, *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.

### **Report on 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 Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



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

### **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, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 8, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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.

*LSL, LLP*

Irvine, California

March 21, 2025 (Except for the *Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*, which is dated January 8, 2025)

CITY OF BURBANK, CALIFORNIA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Unique Entity ID	Federal Expenditures	Amounts Passed Through to Subrecipients
<b><u>U.S. Economic Development Administration</u></b>				
Direct Program				
Economic Adjustment Assistance	11.307	N/A	\$ 85,000	\$ -
<b>Total Department of Homeland Security</b>			<b>85,000</b>	<b>-</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Programs				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	14,610,217	-
Emergency Housing Voucher	14.871	N/A	1,228,197	-
Subtotal Assistance Listing Number 14.871			15,838,414	-
Total Housing Voucher Cluster			15,838,414	-
CDBG - Entitlement Grants Cluster*				
Community Development Block Grants/Entitlement Grants*	14.218	N/A	345,974	172,495
Total CDBG - Entitlement Grants Cluster			345,974	172,495
Home Investment Partnership Program	14.239	N/A	540,075	-
Total Home Investment Partnership Program			540,075	-
Continuum of Care Program	14.267	N/A	380,014	63,729
Total Continuum of Care			380,014	63,729
<b>Total Department of Housing and Urban Development</b>			<b>17,104,477</b>	<b>172,495</b>
<b><u>U.S. Department of Justice</u></b>				
Direct programs				
2021 Justice Assistance Grant - Recovery	16.738	N/A	2,125	-
2022 Justice Assistance Grant - Recovery	16.738	N/A	1,703	-
Total Justice Assistance Grant Program 16.738			3,828	-
<b>Total Department of Justice</b>			<b>3,828</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>				
Passed through the State of California				
Office of Traffic Safety				
STEP Grant 2023	20.608	XCA4E3XL2KY7	29,654	-
TRIP Grant 2023	20.608	XCA4E3XL2KY7	24,800	-
STEP Grant 2024	20.608	XCA4E3XL2KY7	84,602	-
Total STEP Grant Program 20.608			139,056	-
<b>Total Department of Transportation</b>			<b>139,056</b>	<b>-</b>
<b><u>U.S. Department of Treasury</u></b>				
Direct programs				
Drug Asset Forfeiture	21.000	N/A	41,005	-
SLFRF Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	3,159,014	-
Passed through the State of California				
COVID-19 - SLFRF Coronavirus State and Local Fiscal Recovery Funds*	21.027	68-0281986	1,101,895	-
Total SLFRF Program 21.027			4,260,909	-
<b>Total Department of Treasury</b>			<b>4,301,914</b>	<b>-</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through the Los Angeles County Workforce				
Special Programs for the Aging Cluster				
Development, Aging & Community Services:				
Special Programs for Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	JS7ACKMEB286	1,000	-
Special Programs for the Aging-Title III, Part C				-
Nutrition Services (Congregate/Home Delivery)	93.045	JS7ACKMEB286	567,836	-
Nutrition Services Incentive Program (NSIP)	93.053	JS7ACKMEB286	59,523	-
Total Special Programs for the Aging Cluster			628,359	-
<b>Total Department of Health and Human Services</b>			<b>628,359</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through the State of California				
City of Los Angeles				
Urban Area Security Initiative (UASI) FY21	97.008	WCG9G7LWYLR9	170,674	-
Urban Area Security Initiative (UASI) FY22	97.008	WCG9G7LWYLR9	162,572	-
Total Urban Areas Security Initiative (UASI) Program 97.008			333,246	-
<b>Total Department of Homeland Security</b>			<b>333,246</b>	<b>-</b>
<b><u>U.S. Department of Labor</u></b>				
Direct Program				
WIOA Adult Program	17.258	N/A	82,109	-
<b>Total Department of Labor</b>			<b>82,109</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 22,677,989</b>	<b>\$ 236,224</b>

\* Major Program

<sup>1</sup> There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**CITY OF BURBANK, CALIFORNIA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

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**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, California (City) under programs of the federal government, as well as federal financial assistance passed through other government agencies for the year ended June 30, 2024. 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 position, changes in net position, or cash flows 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 in the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds, except for subrecipient expenditures, which are recorded on the cash basis. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the Schedule.

**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, CALIFORNIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified? ☒ yes ☐ none reported

Noncompliance material to financial  
statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be  
reported in accordance with Title 2 U.S. Code of  
Federal Regulations (CFR) Part 200,  
*Uniform Administrative Requirements, Cost Principles,*  
*and Audit Requirements for Federal Awards*  
(Uniform Guidance)?

☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

14.218  
21.027

Community Development Block Grants/Entitlement Grants Cluster  
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish  
between type A and type B program

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

## SECTION II - FINANCIAL STATEMENT FINDINGS

### **Reference Number**

2024-001

### **Evaluation of Finding**

Significant Deficiency

**Criteria:** Management is responsible for the preparation and fair presentation, as well as the accuracy, of its financial statements and disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This includes proper recording of revenue related to grants in accordance with GASB Statement No. 33.

**Condition:** As a result of our audit procedures over grants, unearned revenue and deferred revenue, a correcting entry was required to adjust total grant revenue recognized during the fiscal year.

**Cause of Condition:** The City did not have adequate internal controls for communications between departments to ensure grant revenues were appropriately recognized under U.S. Generally Accepted Accounting Principles (GAAP). This led to grant funding recognized as revenue before it was earned per U.S. GAAP. In addition, grant revenues were recognized for funds not received within the availability period defined under Generally Accepted Governmental Accounting Principles.

### **Effect or Potential Effect of Condition:**

Public Improvements – Development Impact Fees Fund

- Overstatement of revenue and understatement of unavailable revenue by \$1,710,000.

General City Capital Fund

- Overstatement of revenue and understatement of unavailable revenue by \$2,333,573.
- Overstatement of revenue and understatement of unearned revenue by \$4,974,948.

**Recommendation:** We recommend that the City implement internal controls over grant reimbursement oversight and perform a thorough review of subsequent cash receipts to ensure revenue is recorded in the period where services are performed and earned.

**Client Response:** The City acknowledges the importance of proper grant and revenue recognition and procedures that provide appropriate internal controls for recording revenues. A decentralized revenue function along with a fair amount of turnover across City departments in recent years has highlighted the need for stronger internal controls as well as enhanced documentation and training for City staff. As such, Financial Services staff has already been working on revisions to the City's Grants Administrative Procedure (AP) as part of the department's work program for the 2024-25 fiscal year. The new AP will include a quarterly interactive review process which will assist all staff in recording these transactions accurately, as well as mandated training for Finance staff and department personnel who manage grants. Staff expects that the fully revised AP will be adopted and implemented prior to the end of the current fiscal year.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**CITY OF BURBANK, CALIFORNIA**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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No matters were reported.



March 20, 2025

The City of Burbank respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

Lance, Soll & Lunghard (LSL) LLP  
500 Technology Drive, Suite 350  
Irvine, CA 92618

Audit Period: July 1, 2023 – June 30, 2024

The finding is from the independent auditor's report, Internal Control over Financial Reporting and Compliance issued January 8, 2025, and the Single Audit Report issued in March 2025. The reference number for this finding is consistently numbered in both reports.

**FINDINGS RELATING TO FINANCIAL STATEMENTS:**

Reference Number 2024-001 – Grant Revenue Recognition

Condition:

A correcting entry was required to adjust total grant revenue recognized during the fiscal year.

Recommendation:

The City should implement internal controls over grant reimbursement oversight and perform a thorough review of subsequent cash receipts to ensure revenue is recorded in the period where services are performed and earned.

Corrective Action:

The City acknowledges the importance of proper grant and revenue recognition and procedures that provide appropriate internal controls for recording revenues. A decentralized revenue function along with a fair amount of turnover across City departments in recent years has highlighted the need for stronger internal controls as well as enhanced documentation and training for City staff. As such, Financial Services staff has already been working on revisions to the City's Grants Administrative Procedure (AP) as part of the department's work program for the 2024-25 fiscal year. The new AP will include a quarterly interactive review process which will assist all staff in recording these transactions accurately, as well as mandated training for Finance staff and department personnel who manage grants. Staff expects that the fully revised AP will be adopted and implemented prior to the end of the current fiscal year.

**FINDINGS RELATING TO MAJOR FEDERAL AWARDS PROGRAM:**

No matters were reported.

For any questions regarding this plan, please call Jennifer Becker at 818-238-5500.

Sincerely,

Jennifer Becker Financial  
Services Director

**FINANCIAL SERVICES DEPARTMENT**

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