

Communication with Those Charged with Governance



Honorable Mayor and
Members of the City Council
City of Glendale
Glendale, 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 the City of Glendale (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 20, 2023. 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 in our engagement letter dated May 4, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

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.

As described in Note 15, the City changed accounting policies related to public-private partnership arrangements and subscription arrangements by adopting Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment and* Statement No. 96, *Subscription-based Information Technology Arrangements* effective July 1, 2022. Accordingly, the accounting change has been applied to the beginning of the period of adoption.

We noted no transactions entered into by the entity 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 defined benefit pension plans are based on actuarial valuations provided by California Public Employee Retirement System actuaries.

- The other postemployment benefits (OPEB) expense and total OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's OPEB plan are based on an actuarial valuation provided by a third-party actuary.
- The sick leave conversion related expense and liability related to the City's Retiree Health Savings Plan is based on actuarial valuation provided by a third-party actuary.
- The claims liability for workers' compensation and general liabilities are based on certain actuarial assumptions and methods prepared by a third-party actuary.
- The liability for landfill post-closure care costs is based on estimates by the LA County Sanitation District.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures

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 (Exhibit A) 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:

- Construction in progress was adjusted to move completed projects to capital assets.
- Accrued liability was adjusted to record estimated expenses in Water Fund.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on 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.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis of a matter to direct readers to Note 15 to the financial statements regarding adoption of new account guidance, Governmental Accounting Standards Board (GASB Statement) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment* and Statement No. 96, *Subscription-based Information Technology Arrangements*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 20 , 2023.

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 entity'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.

Required supplementary information

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.

Supplementary information in relation to the financial statements as a whole

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 20, 2023.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

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

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

CliftonLarsonAllen LLP

Irvine, California
November 20, 2023

City of Glendale					
Exhibit A					
Uncorrected Misstatements					
June 30, 2023					
			DEBIT (CREDIT)		
			BEGINNING NET POSITION/FUND BALANCE	REVENUE	EXPENSE
DESCRIPTION	ASSET	LIABILITY			
Fund FS Waived Adjusting Journal Entries:					
Other Aggregate Funds					
To remove capital assets in custodial funds					
Capital assets	(2,925,504)				
Net position			2,951,208		
Depreciation expense					(25,704)
	(2,925,504)	-	2,951,208	-	(25,704)
Water Utility Fund					
To record prior period adjustment for prior year expenses					
Maintenance and operations expense	-	-	-	-	(295,153)
Net position	-	-	295,153	-	-
	-	-	\$ 295,153	-	\$ (295,153)