



# Burbank Unified School District Independent Audit Results June 30, 2021

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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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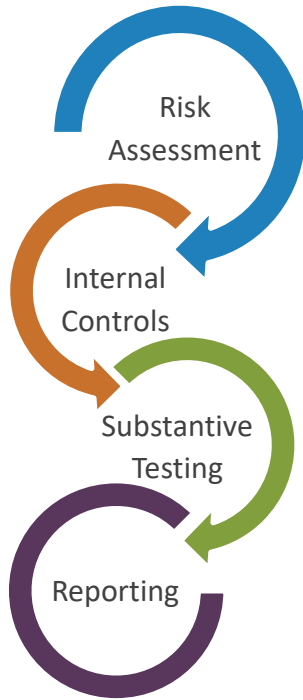
# Audit Purpose

Issue an opinion on the fairness of the financial statements

\*Education Code Section 41020  
\*California Department of Education/State Controller's Office/Education Audit Appeals Panel  
\*Office of Management and Budget (OMB)

Fiduciary responsibility

# Audit Process—Risk Based Approach



## Risk Assessment

- Inquiries of management & governance
- Preliminary analytic procedures

## Internal Controls

- Obtain an understanding
- Walkthrough key controls

## Substantive Work

- Confirmation of banking and investment relationships
- Revenue recognition
- Substantive testing on significant account balances and transactions
- Element of unpredictability

## Reporting

- Audited financial statements
- Governance letter

# Governance Communication

## Overall

- Unmodified opinion
- No changes in the scope of the audit
- No changes in significant accounting policies
- GASB 84, Fiduciary Activities was adopted

## Estimates – Government-wide Financial Statements

- Local Control Funding Formula
- Useful life of District’s capital assets
- Note 12: OPEB (GASB 68 and 71) - \$75 million
- Note 13: STRS & PERS Pension Liability (GASB 74 and 75):
  - Proportionate share of net pension liability of \$197.6 million

## Other Communications

- No difficulties or disagreements
- Two audit adjustments (page 85) – LCFF and Child Development
- Proposed adjustments - Site and ASB bank accounts, Child Development Grant, E-Rate project assets

## Other Findings

- No internal control material weaknesses
- Significant deficiency noted due to audit adjustment

## Financial Statement Highlights – Statement of Net Position

Summary of Statement of Net Position	Governmental Activities		Total
	2020	2021	Change
<b>Assets</b>			
Noncapital Assets	\$ 66.5	\$ 121.7	\$ 55.2
Capital Assets	<u>277.5</u>	<u>266.7</u>	<u>(10.8)</u>
Total Assets	<u>344.0</u>	<u>388.4</u>	<u>44.4</u>
<b>Deferred Outflows of Resources</b>			
Deferred Loss on Refunding	-	6.7	6.7
Deferred Outflows of Resources - OPEB	24.9	21.7	(3.2)
Deferred Outflows of Resources - Pensions	<u>47.7</u>	<u>42.4</u>	<u>(5.3)</u>
Total Deferred Outflows of Resources	<u>72.6</u>	<u>70.8</u>	<u>(1.8)</u>
<b>Liabilities</b>			
Current Liabilities	23.7	63.8	40.1
Long-Term Liabilities	<u>446.0</u>	<u>464.6</u>	<u>18.6</u>
Total Liabilities	<u>469.7</u>	<u>528.4</u>	<u>58.7</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows of Resources - OPEB	4.6	3.9	(0.7)
Deferred Inflows of Resources - Pensions	<u>11.7</u>	<u>7.5</u>	<u>(4.2)</u>
Total Deferred Inflows of Resources	<u>16.3</u>	<u>11.4</u>	<u>(4.9)</u>
<b>Net Position</b>			
Net Investment in Capital Assets*	136.9	122.8	(14.1)
Net Position Legally Restricted	31.8	39.1	7.3
Net Position Unrestricted	<u>(238.1)</u>	<u>(242.5)</u>	<u>(4.4)</u>
Total Net Position	<u>\$ (69.4)</u>	<u>\$ (80.6)</u>	<u>\$ (11.2)</u>

\* 2020 accreted interest was reclassified from net investment in capital assets to unrestricted



## Financial Statement Highlights – Statement of Activities

Summary of Statement of Activities	Governmental Activities		Total Change
	2020	2021	
General Revenue:			
Property Taxes - General Purposes	\$ 53.0	\$ 58.4	\$ 5.4
Property Taxes - Debt Service	13.0	14.2	1.2
Property Taxes - Other Specific Purposes	1.4	1.7	0.3
Federal/State Aid	90.9	82.9	(8.0)
Interest/Investment Earnings	1.3	1.1	(0.2)
Miscellaneous	<u>0.5</u>	<u>0.1</u>	<u>(0.4)</u>
Total General Revenues	<u>160.1</u>	<u>158.4</u>	<u>(1.7)</u>
Net Expenditures after Program Revenues for:			
Instruction and Instruction-Related Services	115.0	111.0	(4.0)
Pupil Services	12.1	9.6	(2.5)
General Administration	11.6	12.0	0.4
Plant Services	15.0	13.4	(1.6)
Ancillary, Community, and Enterprise	1.1	0.9	(0.2)
Other Outgo	1.2	1.4	0.2
Debt Service	8.6	9.7	1.1
Depreciation (Unallocated)	<u>10.9</u>	<u>13.5</u>	<u>2.6</u>
Total Expenditures	<u>175.5</u>	<u>171.5</u>	<u>(4.0)</u>
Change in Net Position	(15.4)	(13.1)	2.3
Net Position, Beginning of Year			
as Originally Stated	<u>(54.0)</u>	<u>(69.4)</u>	<u>(15.4)</u>
Adjustment for Cumulative Effect of Change			
In Accounting Principal (Note 17)	<u>-</u>	<u>1.9</u>	<u>1.9</u>
Net Position, End of Year	<u>\$ (69.4)</u>	<u>\$ (80.6)</u>	<u>\$ (11.2)</u>



# General Fund Trend

	2022 (Budgeted)	2021	2020	2019
Total Revenues	\$ 169,847,112	\$ 189,896,240	\$ 179,181,244	\$ 173,848,038
Total Expenditures	178,350,486	174,378,151	174,177,402	175,444,762
Other Financing Sources (Uses)	(376,513)	(1,077,674)	(575,132)	(823,966)
Change in Fund Balance	(8,879,887)	14,440,415	4,428,710	(2,420,690)
Ending Fund Balance	<u>\$ 21,906,941</u>	<u>\$ 30,786,828</u>	<u>\$ 16,346,413</u>	<u>\$ 11,917,703</u>
Available Reserve	<u>\$ 10,843,135</u>	<u>\$ 13,013,723</u>	<u>\$ 7,335,207</u>	<u>\$ 5,237,016</u>
Available Reserve %	6%	7%	4%	3%
ADA - P2	<u>14,709</u>	<u>14,733</u>	<u>14,720</u>	<u>14,606</u>
Total Long-Term Liabilities	<u>\$ 464,607,723</u>	<u>\$ 479,150,821</u>	<u>\$ 459,263,002</u>	<u>\$ 438,452,169</u>

Reserve levels meet the minimum 3% required State reserve. The Government Finance Officers Association (GFOA) recommends 60 days of operating expenses in reserves.



# Federal and State Program Audit - Results

- Federal Program Audit:

- Unmodified Opinion on Compliance
- No material weaknesses or significant deficiencies in internal control
- Program Tested:
  - ◇ *Covid -19 - Coronavirus Relief Fund (Learning Loss Mitigation Funds)*
  - ◇ *Covid-19 Education Stabilization Fund (ESSER)*
  - ◇ *Title 1*
- District qualifies as a low-risk auditee

- State Program Audit:

- Required program testing can be found on page 98
- Unmodified Opinion on Compliance
- No current year and prior year compliance findings



# Measure S Financial and Performance Audit

## Financial Results

- Unmodified opinion (page 1)
- No changes in the scope of the audit
- No changes in significant accounting policies
- No material weaknesses or significant deficiencies

## Performance Results

- No items of non-compliance noted for expenditures tested
- Selected 83% of total expenditures of \$1,797,116, excluding salaries
- Selected 100% of salary and benefits of \$19,361 to perform testing

# Accounting Standards Update

**Statement No. 87 – Leases:** The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement was originally effective for the fiscal year 2020-21, it has been postponed to fiscal year 2021-22.



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