



Burbank Unified School District Independent Audit Results June 30, 2022

*Presented by
Gema Ptasinski, CPA, Principal*

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

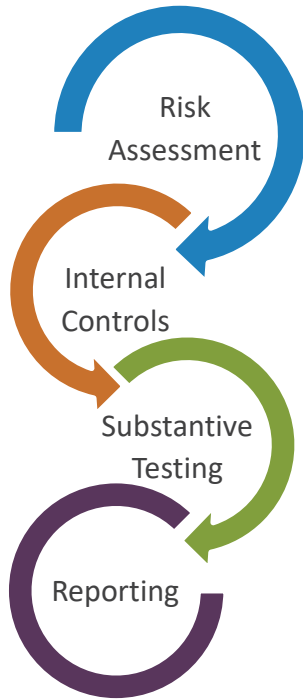
Audit Purpose

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 – fund perspective
- GASB 87, Leases was adopted

Estimates – Government-wide Financial Statements

- Useful life of District’s capital assets
- Leases – includes interest assumptions:
 - Note 7: Receivable – \$16.2 million
 - Note 11: Lease Payable - \$1.1 million
 - Note 12: OPEB - \$68 million
 - Note 13: STRS & PERS Pension Liability - \$103 million

Other Communications

- No difficulties or disagreements
- No audit adjustments (page 89) –
- Proposed adjustments
 - Grant deferral for timing on availability
 - Recognition of food service fees from deferred to earned

Other Findings

- No internal control material weaknesses
- Significant deficiency noted in prior year due to audit adjustment. No adjustments this year.

Financial Statement Highlights – Statement of Net Position

Summary of Statement of Net Position	Governmental Activities		Total Change
	2021	2022	
Assets			
Noncapital Assets	\$ 121.7	\$ 130.8	\$ 9.1
Capital Assets	266.7	258.7	(8.0)
Total Assets	<u>388.4</u>	<u>389.5</u>	<u>1.1</u>
Deferred Outflows of Resources			
Deferred Loss on Refunding	6.7	5.7	(1.0)
Deferred Outflows of Resources - OPEB	21.7	20.2	(1.5)
Deferred Outflows of Resources - Pensions	42.4	32.8	(9.6)
Total Deferred Outflows of Resources	<u>70.8</u>	<u>58.7</u>	<u>(12.1)</u>
Liabilities			
Current Liabilities	63.8	46.6	(17.2)
Long-Term Liabilities	464.6	352.3	(112.3)
Total Liabilities	<u>528.4</u>	<u>398.9</u>	<u>(129.5)</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources - Leases	-	16.1	16.1
Deferred Inflows of Resources - OPEB	3.9	15.6	11.7
Deferred Inflows of Resources - Pensions	7.5	76.8	69.3
Total Deferred Inflows of Resources	<u>11.4</u>	<u>108.5</u>	<u>97.1</u>
Net Position			
Net Investment in Capital Assets	122.8	117.0	(5.8)
Net Position Legally Restricted	39.1	39.4	0.3
Net Position Unrestricted	<u>(242.5)</u>	<u>(215.6)</u>	<u>26.9</u>
Total Net Position	<u>\$ (80.6)</u>	<u>\$ (59.2)</u>	<u>\$ 21.4</u>

Financial Statement Highlights – Statement of Activities

Summary of Statement of Activities

	Governmental Activities		Total Change
	2021	2022	
General Revenue:			
Property Taxes - General Purposes	\$ 58.4	\$ 58.9	\$ 0.5
Property Taxes - Debt Service	14.2	13.1	(1.1)
Property Taxes - Other Specific Purposes	1.7	1.7	-
Federal/State Aid	82.9	89.1	6.2
Interest/Investment Earnings	1.1	0.7	(0.4)
Miscellaneous	0.1	2.3	2.2
Total General Revenues	158.4	165.8	7.4
Net Expenditures after Program Revenues for:			
Instruction and Instruction-Related Services	111.0	86.9	(24.1)
Pupil Services	9.6	10.7	1.1
General Administration	12.0	13.1	1.1
Plant Services	13.4	12.1	(1.3)
Ancillary, Community, and Enterprise	0.9	0.3	(0.6)
Other Outgo	1.4	1.0	(0.4)
Debt Service	9.7	7.7	(2.0)
Depreciation and Amortization (Unallocated)	13.5	12.1	(1.4)
Total Expenditures	171.5	143.9	(27.6)
Change in Net Position	(13.1)	21.9	35.0
Net Position, Beginning of Year, Restated	(67.5)	(81.1)	(13.6)
Net Position, End of Year	\$ (80.6)	\$ (59.2)	\$ 21.4

General Fund Trend

	2023 (Budgeted)	2022	2021	2020
Total Revenues	\$ 183,276,968	\$ 211,977,851	\$ 189,896,240	\$ 179,181,244
Total Expenditures	195,266,547	204,517,468	174,378,151	174,177,402
Other Financing Sources (Uses)	-	(545,425)	(1,077,674)	(575,132)
Change in Fund Balance	(11,989,579)	6,914,958	14,440,415	4,428,710
Ending Fund Balance	<u>\$ 25,712,207</u>	<u>\$ 37,701,786</u>	<u>\$ 30,786,828</u>	<u>\$ 16,346,413</u>
Available Reserve	<u>\$ 5,937,210</u>	<u>\$ 12,303,774</u>	<u>\$ 13,013,723</u>	<u>\$ 7,335,207</u>
Available Reserve %	3%	6%	7%	4%
ADA - P2	<u>13,571</u>	<u>13,266</u>	<u>14,733</u>	<u>14,720</u>
Total Long-Term Liabilities	<u>\$ 352,269,339</u>	<u>\$ 367,820,072</u>	<u>\$ 479,150,821</u>	<u>\$ 459,263,002</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 Education Stabilization Fund (ESSER/GEER)*
 - ◇ *Covid-19 LACOE Covid Testing Funding*
 - ◇ *FEMA – Public Assistance Grants*
 - ◇ *Emergency Connectivity Fund*
 - ◇ *Special Education Cluster*
- District qualifies as a low-risk auditee

- State Program Audit:

- Required program testing can be found on page 104
 - ◇ *Attendance/Independent Study*
 - ◇ *After/Before School*
 - ◇ *LCAP*
 - ◇ *ELO-G*
 - ◇ *CTE*
 - ◇ *In-Person Instruction*
- Unmodified Opinion on Compliance
- Current year compliance findings:
 - ASES Documentation

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 76% of total expenditures of \$2,739,205, excluding salaries
- Selected 100% of salary and benefits of \$21,050 to perform testing

Accounting Standards Update

Statement No. 96 – Subscription-Based Information Technology (SBITA) : The objective of the statement is to improve the accounting and financial reporting for subscription-based information technology (SBITA). A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The statement is effective for the fiscal year 2022-23.





CLAconnect.com

Gema Ptasinski, CPA

Principal

626-387-8217

Gema.Ptasinski@CLAconnect.com

