

Paramount Unified School District

Audit Report Presentation – for fiscal year ended June 30, 2020

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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



Create Opportunities

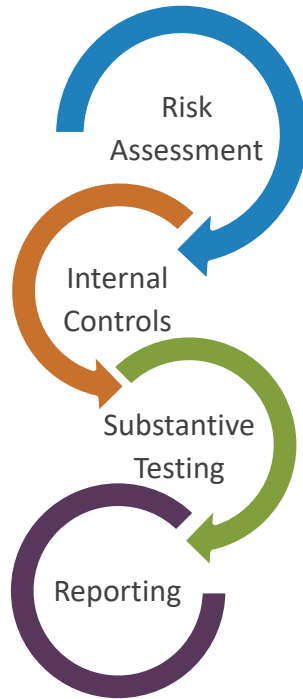
Audit Purpose

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

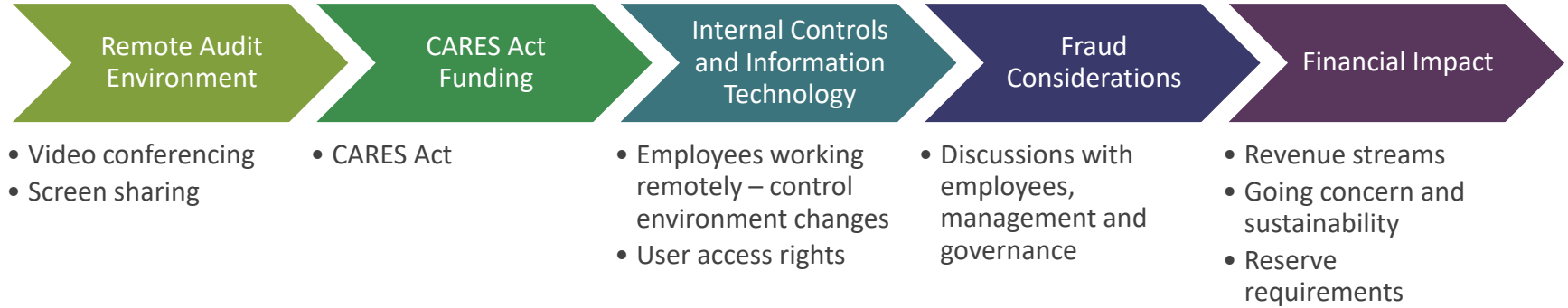
Substantive Work

- 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

COVID-19 Impact and Response



Governance Communication

Overall	Estimates – Government-wide Financial Statements	Difficulties	Possible Findings
<ul style="list-style-type: none">• Unmodified opinion• No changes in the scope of the audit• No changes in significant accounting policies	<ul style="list-style-type: none">• STRS & PERS Pension Liability (GASB 74 and 75):<ul style="list-style-type: none">○ Proportionate share of net pension liability• Other Postemployment Healthcare Benefits (OPEB) (GASB 68 and 71)	<ul style="list-style-type: none">• No difficulties or disagreements• No audit adjustments	<ul style="list-style-type: none">• Three audit adjustments• No internal control material weaknesses or significant deficiencies

Federal and State Program Audit Results

Federal Program Audit:

- Unmodified Opinion on Compliance
- No material weaknesses or significant deficiencies in internal control
- Programs Tested
 - *Special Education Cluster*
 - *Child Nutrition Cluster*
- District is a low-risk auditee

State Program Audit:

- Required program testing detail on page 88-89
- Unmodified Opinion on Compliance
- No state compliance findings reported

Accounting Standards Update

Statement No. 84 – Fiduciary Activities: The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement was originally effective for the fiscal year 2019-20, it has been postponed to fiscal year 2020-21.

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.

Measure AA and I Financial and Performance Audit

Financial Results

- ❖ Unmodified opinion
- ❖ No change in scope
- ❖ No changes in significant accounting policies
- ❖ No material weaknesses or significant deficiencies

Performance Results

- No expenditures noted as non-compliant
- Selected 67% of total expenditures of \$7.2 million
- No salaries charged



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