

- Student Learning and Achievement
- Health and Safety of Students and Schools
- Credibility and Communication
- Fiscal Solvency, Accountability and Integrity

- Consent
- Action/Discussion
- Information/Discussion
- Public Hearing

SUBJECT: 2021-2022 District Financial Audit Report

DATE: January 5, 2023

PERSON(S) RESPONSIBLE: Joshua Jorn Assistant Superintendent for Business Services

RECOMMENDATION:

The District Administration recommends that the Board review and accept the 2021-2022 Financial Audit report as presented.

BACKGROUND:

Under state law, each public school district is required to have an annual audit performed by an independent audit firm. Results of the audit are presented to the Board for acceptance and submission to the County Office of Education and the California State Controller Office for review.

INFORMATION:

The District's audit was performed by Eide Bailly LLP. Electronic copies have been distributed to the Board members and are available to the public upon request, or the report can be viewed on the District website. A representative from the audit firm will present the 2021-2022 final audit at the Board meeting.

Attached are the following reports:

1. 2021-2022 Financial Audit

- a. Auditor's Opinion (page 2) – The most important part of the audit report is the auditor's opinion of the District's financial statements. In the second paragraph of page 2, the Auditor issues an unqualified opinion where the auditor states,

“In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pacific Grove Unified School District, as of June 30, 2022....”

An ***unqualified option*** is the cleanest opinion an auditor can express, and means that the auditors found nothing in the District financial statements that was a “material error/finding”.

The same opinion is stated on page 99 under the “Summary of Auditor’s Results” which states “*unmodified*” for the Financial Statements, Federal Awards, and State Compliance.

- b. Federal Awards and Questioned Cost findings (page 102) - None reported
- c. Summary Schedule of Prior Year Audit Findings (page 105) - None reported

2. Financial Statement Findings (pages 100-101)

Misstatement of fair market value of District Cash in County Bond, Interest and Redemption Fund which resulted in a *net decrease of \$151,741* in the Districts investments in accounts.

The Monterey County Office of Education and County Treasury released an incorrect apportionment to the District and thereby caused interest and fair market value errors. The District will update year end closing tasks to include the adjustment of fair market value.

3. State Compliance Findings and Questioned Costs (pages 103-104)

10000 - Attendance Accounting: During the audit it was determined that Pacific Grove High School attendance reporting was not being printed and reconciled, and therefore the District had missing daily attendance reports.

The District will discuss the procedures with site staff and verify the daily attendance reports are being completed and reconciled to follow District procedures.

10000- Attendance Accounting and Reporting: The District's Annual Period Report of Attendance was determined to have miscalculated Special Day Class ADA all grade levels.

District will revise the ADA at P-2 Annual and has already worked with CDE on the error.

4. Communication with Governance Letter relating to the District’s Financial Audit

It explains Eide Bailly’s responsibility in relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and their Compliance Audit under the Uniform Guidance.

5. Communication with Governance Letter relating to the District’s Bond Audit

It explains Eide Bailly’s responsibility in relation to the Financial Statement Audit of the District’s Building Fund (Measures A & D) under Generally Accepted Auditing Standards and Government Auditing Standards and the Performance Audit under Government Auditing Standards.

FISCAL IMPACT:

None