



# **Modesto City Schools**

Audited Financial Statements  
June 30, 2021

# Audit Process

Thank you Superintendent and members of the Board and District staff for inviting us to present a summary of your audit for the 2021 fiscal year.

We would also like to thank the sites and District staff for promptly providing requested information necessary to complete our audit.

## The Audit Process

- ▶▶ A sample of school sites are tested for State compliance and possibly student body procedures.
- ▶▶ The district office is normally visited prior to the District closing their books for preliminary compliance and procedural testing and then again after the Unaudited Actuals are complete for year end balances testing and drafting the audit report.
- ▶▶ A significant amount of work is done remotely by our auditors.

# Summary of Opinions and Findings

## The Independent Auditor's Report was unmodified

»» "In our opinion, the Financial Statements present fairly, in all material respects, the respective financial position..."

The Auditor's Report on Internal Controls noted neither report level findings nor findings/observations reported to management outside of the main audit report.

The Opinions on Federal and State Compliance noted no findings.

# Components of the Audited Financial Statements

## Management's Discussion and Analysis –(Pages 4-13)

- »» Management's opportunity to put a narrative to the financial numbers and information presented in the financial statements
- »» "Cliff notes" of financial statements and an easy read
- »» Provides a comparison to the previous fiscal year to tell the 'story' of significant events during the 2021 fiscal year

# Components of the Audited Financial Statements

## Financial Statements

- »» Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position (Entity-wide statements) – Pages 14 and 15
  - »» Includes all fixed assets and long-term obligations of the District.
  - »» The beginning balance of the Statement of Net Position was restated by \$3,242,729 because of the implementation of GASB 84 which created the Student Activities Governmental Fund for student body accounts.
- »» Fund Financial Statements follow which present the Districts largest funds and aggregated “non-major” fund totals– Pages 16-24
  - »» Non-major fund Financial Statements – Pages 89-90
- »» Notes to the Financial Statements – Begins on page 25
- »» Additional Supplementary Schedules – Begins on page 80

# Statement of Net Position

- ▶▶ Net Position - \$7.7 million, Unrestricted is \$(353.7 million)
- ▶▶ Bonded debt totaled \$189.9 million
- ▶▶ Net OPEB Liability – \$161.4 million
  - ▶▶ Future retirement costs for active employees and retirees
- ▶▶ Net Pension Obligation – \$437.4 million
  - ▶▶ This, along with the netting impact of related deferred outflows and deferred inflows, impacted ending net position and unrestricted net position by \$(352.7) million
  - ▶▶ District's fair share of unfunded STRS and PERS pension obligations

# The Fiscal Year 2021

## Selected Highlights:

- ▶▶ General Fund increased \$28.3 million to \$136.2 million.
- ▶▶ CARES dollars spent totaled \$38.5 million (CRF, ESSER, GEER)
- ▶▶ The available reserves ended at 16% and were 16% in the prior year.
  - ▶▶ The State's minimum of 3% is the level at which, once a District falls below, the State and COE as well as your auditors, begin an analysis of the District's fiscal solvency.
    - ▶▶ We do NOT want our clients anywhere near this minimum!



## **Thank you: Questions or Comments?**

\*VTD and Eide Bailly merged in July, 2019, and continue to bring LEA's the highest level of expertise and knowledge in California but can now offer expanded fraud/forensic services and cybersecurity services.