




Subject: FY2021 Annual District and Measure MM Audit Presentation	Attachment: FY2021 Annual District Audit FY2021 Annual Measure MM Audit
Category: Informational Items	Type of Board Consideration: <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Information </div> <div style="text-align: center;">Consent</div> <div style="text-align: center;">Action</div> </div>
Recommended:  <hr/> Tim Flood Vice President, Administrative Services	Approved for Consideration:  <hr/> Sunita V. Cooke, Ph.D. Superintendent/President

BACKGROUND

California Education Code §84040.5 requires that the governing board of each community college district shall provide for an annual audit of all funds, books, and accounts of the district in accordance with the regulations of the Board of Governors in order to encourage sound fiscal management practices and fiscal accountability. The MiraCosta Community College District annual audit has been completed and is available on the district website at: <https://www.miracosta.edu/administrative/annual-district-audits/index.html>. The audit firm of Eide Bailly, LLP, certified public accountants licensed by the California Board of Accountancy, conducted the audit. The format and financial statement information is in accordance with the reporting standards of the California Community Colleges Contracted District Audit Manual (CDMA). On January 5, 2022, the California Community Colleges' executive order 2022-1 changed the due date of the 2020/21 district audit report from December 31, 2021, to February 28, 2022.

STATUS

The final audit report was issued on March 11, 2022; after the original final audit report was issued to the district on February 10, 2022, the district discovered a back-up schedule that was sent to the auditor was an older version; thus, a correction was made that delayed the final audit report to March 11, 2022.

The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, along with assessing the accounting principles used and significant estimates made by management. The district received an **Unmodified** Opinion, that is, the district complied, in all material respects, the compliance requirements for financial statements, federal awards, and state awards as of June 30, 2021. There was one (1) significant reporting deficiency not considered a material weakness for federal awards, as described below.

Finding: 2021-001 Reporting (audit report, pages 92-93). On the March 31, 2021, quarterly report of the CARES Act Higher Education Emergency Relief Fund (HEERF) Student Aid Portion, there were three misstatements.

- The reported amount disbursed was \$2,755,503, which was understated by \$29,295 from a total disbursement of \$2,784,798. The \$2,755,503 was the HEERF I award allocation, and HEERF II award was notified to the district in mid-February 2021, where a new grant # was established. The corrective action has been implemented going forward to verify disbursement amounts from the Workday Financial System.
- The report was overstated by 31 students who received the grant from the reported number of 5,554. The 31 students received their grant on April 2, 2021. The Financial Aid system initiates the award data that is processed through the Workday Financial system for disbursement, and there is auditing/processing time by accounting. The corrective action has been implemented to reconcile the student count based on the disbursed amount from accounting.
- The report was understated for the estimated total students who were eligible to receive the Emergency Financial Aid grant. The corrective action will be implemented to ensure that each semester's eligible students are accounted for the total estimated eligible student count.

A representative of the audit firm of Eide Bailly, LLP will present the audit report and will be available to answer any questions.

2021 Annual Audit Summaries for MiraCosta Community College District

District Financial Audit – All Funds

Financial Audit Section	Opinions/Findings	Location
Report on Financial Statements	Presents Fairly In All Material Aspects the financial position of the District (this means no issues)	Pages 1-2
Report on Internal Controls	No Deficiencies Identified	Pages 83-84
Report on Federal Compliance	No Material Deficiencies Identified, one significant deficiency identified	Pages 85-87
Report on State Compliance	No Deficiencies Identified	Pages 88-90
Summary of Auditor's Results	Unmodified – No Corrections	Page 91
Financial Statement Findings	None	Page 92
Federal Awards Findings	One	Page 93-94
State Awards Findings	None	Page 95

Measure MM General Obligation Bond Audit – Financial and Performance

Financial Audit Section	Opinions/Findings	Location
Report on Financial Statements	Presents Fairly In All Material Aspects the financial position of Measure MM (This means no issues)	Page 2
Report on Internal Controls	No Deficiencies Identified	Page 13-14
Compliance and Other Matters	No instances of noncompliance	Page 14
Findings	None	Pages 16-18
Additional Recommendations	None	Page 19
Performance Audit Section	Opinions/Findings	Location
Compliance with Prop 39 requirements and Measure MM Ballot Language	Complied with all compliance requirements	Pages 18, 21
Findings	None	Pages 22
Additional Recommendations	None	Page 23

RECOMMENDATION

For information only.