

# THE POWER OF BEING UNDERSTOOD

# PRESENTATION TO THE BOARD OF DIRECTORS OF THE SAN ANTONIO EARLY CHILDHOOD EDUCATION MUNICIPAL DEVELOPMENT CORPORATION

Audit Results for Fiscal Year Ended June 30, 2020



March 2, 2021

# Engagement Team

- Marc Sewell, Audit Partner
- Kevin Smith, Engagement Quality Reviewer
- Kane Wells, Audit Manager
- Elizabeth Lyssy, In-Charge Auditor
- Schriver, Carmona, and Company, PLLC – Subcontracting Firm (20% participation)
  - Chris Carmona, Partner
  - Richard Martinez, Auditor
- Supplemental Assistance
  - Ashley Alejos, Audit Manager
  - Taylor Frost, Audit Manager

# Audit Results

- Opinion on the Financial Statements
  - Unmodified, also referred to as a “clean opinion”
- Report on Internal Controls over Financial Reporting and Compliance with Laws and Regulations

- Compliance with laws and regulations – no issues to report
- Report on Internal Control over Financial Reporting – Significant Deficiency

*During our audit procedures we noted the Corporation improperly excluded a fund from its financial statements. This fund was established to account for a new campus opened onsite at Gardendale Elementary. A separate fund was created to account for the costs that are subsequently billed to Edgewood ISD. Initially, this exclusion resulted in unrecorded liabilities and expenses in the amount of \$643,000. This fund has been included in the audited financial statements.*

*We recommend the Corporation review all activity for its fiscal year to confirm all funds of the Corporation are included in the trial balance and basic financial statements.*

- Opinion on Uniform Guidance Compliance
  - Major program: Child and Adult Care Food Program (CACFP)
    - Unmodified (“clean opinion”)
    - Significant deficiency/non-compliance - eligibility
    - No questioned costs reported

# Audit Results (continued)

- Opinion on Uniform Guidance Compliance

- Major program: Child and Adult Care Food Program (CACFP)

- Unmodified (“clean opinion)
    - Significant deficiency/non-compliance - eligibility
    - No questioned costs reported

*One out of 40 students tested indicated that student was incorrectly classified as paid, when they should have been classified as free. The program does not collect monies from students, however this resulted in an underpayment of an estimated \$685 in revenue for the corporation and improper classification of a student.*

*We recommend the Corporation strengthen the controls over review of eligibility and reporting to the grantor.*

# Governance Required Communications

- Auditors' Responsibility Under Auditing Standards Generally Accepted in the United States
- Planned Scope and Timing of the Audit
  - Our audit was delayed due to turnover in the accounting department, as well as other matters related to the pandemic.
- Qualitative Aspects of Significant Accounting Practices
- Significant Difficulties Encountered During the Audit – None
- Corrected Misstatements – Adjustment in the amount of \$643,000 for unrecorded expenses and liabilities.
- Disagreements with Management – None

# Governance Required Communications (continued)

- Uncorrected Misstatements

Description	Effect—Debit (Credit)				
	Assets	Liabilities	Balance/ Net Position	Revenue	Expenditure/ Expense
Prior-year misstatement:					
Prior-year recorded factual misstatement for taxes and benefits related to accrued leave	\$ -	\$ -	\$ 197,142	\$ -	\$ (197,142)
Current-year misstatement:					
To record projected misstatement as a result of errors in accounts payable	-	(77,659)	-	-	77,659
To record factual misstatement for current-year taxes and benefits related to accrued leave	-	(207,529)		-	207,529
Total	<u>\$ -</u>	<u>\$ (285,188)</u>		<u>\$ -</u>	<u>\$ 88,046</u>
Current-year overstatement of net income			88,046		
Cumulative overstatement of fund balance/net position			<u>\$ 285,188</u>		

THANK YOU FOR  
YOUR TIME AND  
ATTENTION



# QUESTIONS AND ANSWERS

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