

# Finance and Audit Committee

**JANUARY 27, 2021**



# CHICAGO PUBLIC SCHOOLS

## ANNUAL FINANCIAL AUDIT RESULTS

FOR FISCAL YEAR ENDING JUNE 30, 2020

Office of Finance



# AGENDA



Annual External Audit Components

Annual External Audit Process/Results

Year Over Year Financial Comparison

Budget to Actual Review

Long-Term Debt Year Over Year Comparison

# ANNUAL EXTERNAL AUDIT COMPONENTS

## ***ANNUAL FINANCIAL AUDIT:***

- Statutorily required audit performed by independent certified public accountants and covers all CPS policies, procedures and Board Rules, as well as the District's financial and non-financial records.
- The audit culminates in the preparation and issuance of the District's Comprehensive Annual Financial Report (CAFR), and continuing our efforts to increase financial transparency, the District will also issue a Popular Annual Financial Report (PAFR), which gives real world explanations of the District's financial condition and initiatives. The deliverable is an Unmodified Audit Opinion on the District's financial statements.

## ***FEDERAL SINGLE AUDIT (FEDERAL GRANTS):***

- Simultaneously conducted audit of all the District's major Federal grant programs in Fiscal Year 2020.
- The audit culminates in the preparation and issuance of the Schedule of Expenditures of Federal Awards (SEFA), which we include in the CAFR document for easier reference.
- Deliverables include Unmodified Audit Opinions on the SEFA, the District's internal controls over financial reporting and compliance and the major Federal programs (in relation to the Uniform Guidance).

## ***ILLINOIS STATE BOARD OF EDUCATION ANNUAL FINANCIAL REPORT (AFR):***

- Statutorily required report of the District's financial activities converted from the CAFR format to the ISBE format. The deliverable is a separate Audit Opinion issued by the external auditors on the information contained in the AFR.
- Due to the sheer size and complexity of Chicago Public Schools and the level of effort involved in the preparation of the report, the annual deadline is February 15<sup>th</sup>.

# ANNUAL FINANCIAL AUDIT PROCESS AND RESULTS

The annual audit is a several month long process that begins in May with preliminary field work/planning. In September, the external auditors begin final fieldwork which culminates with the issuance of the financial statements in December.

The following are the audit results:

- Unmodified opinion on Financial statements in accordance with GAAP
- No noncompliance material to financial statements noted
- Two material audit adjustments related to capital projects fund year-end accruals
- Unmodified opinion on compliance for major programs and no audit finding

Major programs audited this year:

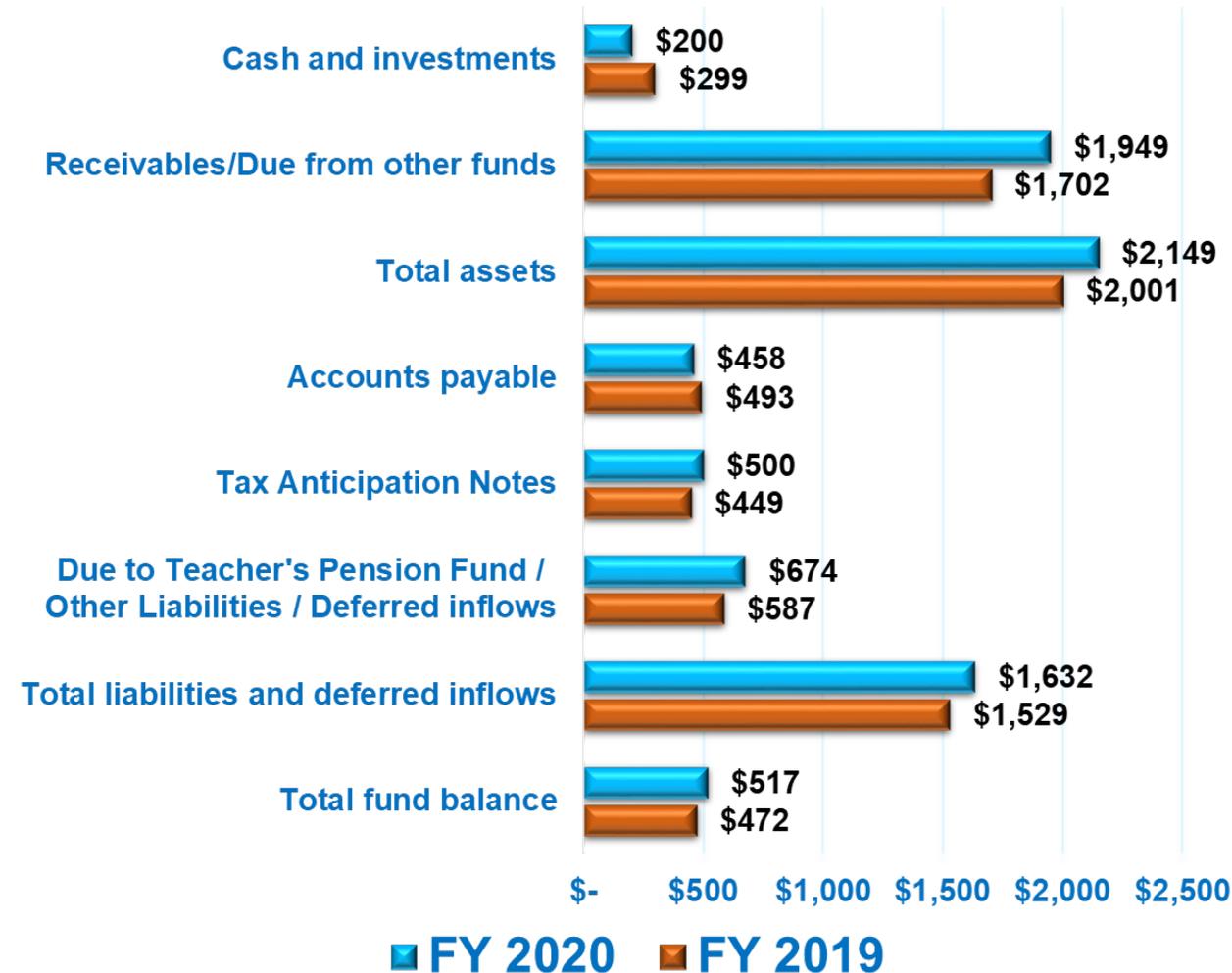
- Title I Grants to Local Education Agencies
- English Language Acquisition Grants
- Supporting Effective Instruction State Grants
- COVID-19 Elementary and Secondary School Emergency Relief Grant

CPS' FY20 annual financial reporting process was finished more than one month earlier than previous years (the earliest in 5 years) despite the challenges of a remote working environment on the audit process. This accomplishment was the result of improvements in processes and procedures throughout the Controller's office and these improvements will be built on in FY2021.

# FINANCIAL HIGHLIGHTS

## YEAR OVER YEAR COMPARISON

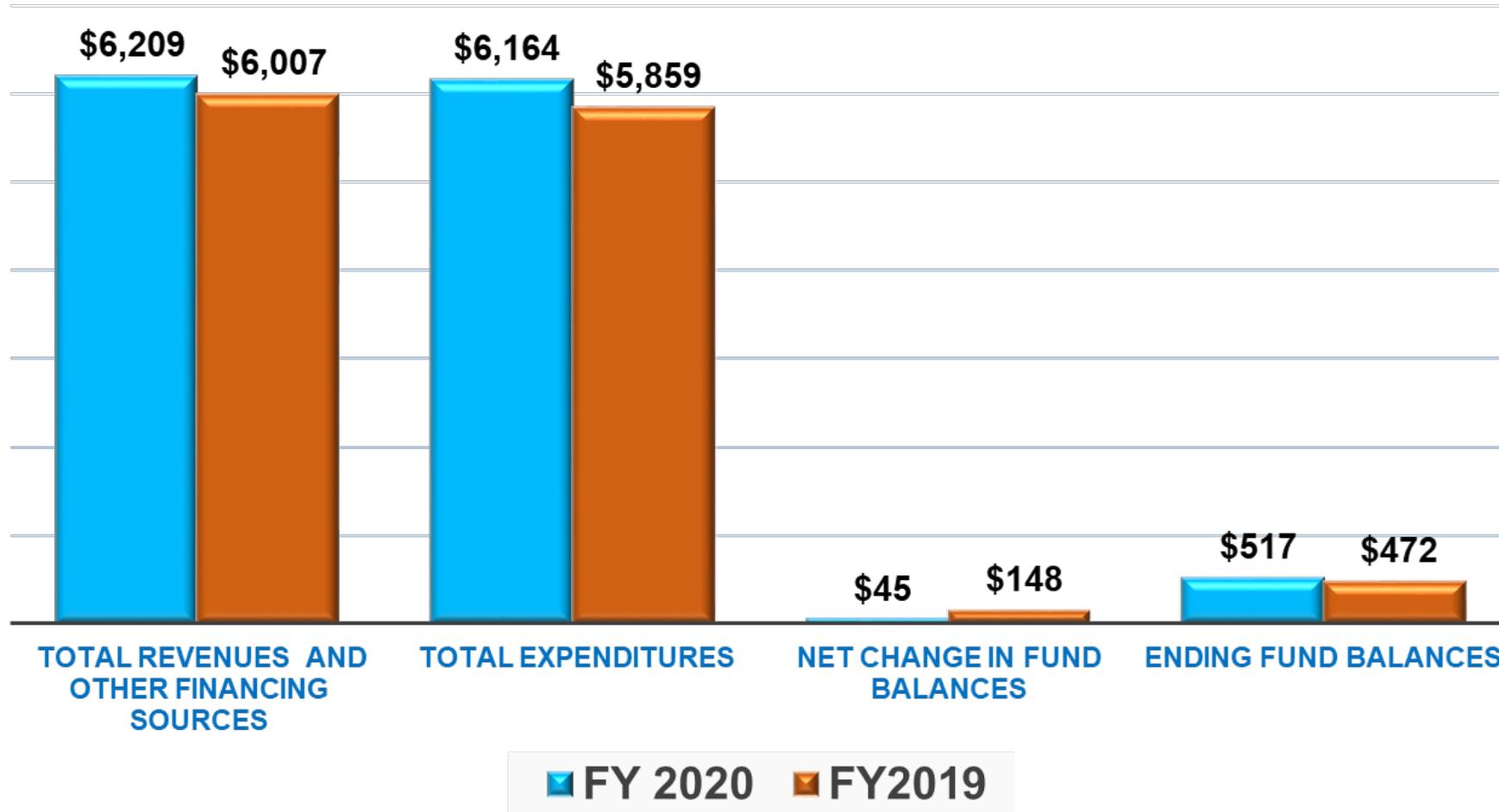
### BALANCE SHEET GENERAL OPERATING FUND (Amount in Millions)



# FINANCIAL HIGHLIGHTS

## YEAR OVER YEAR COMPARISON CONTINUED

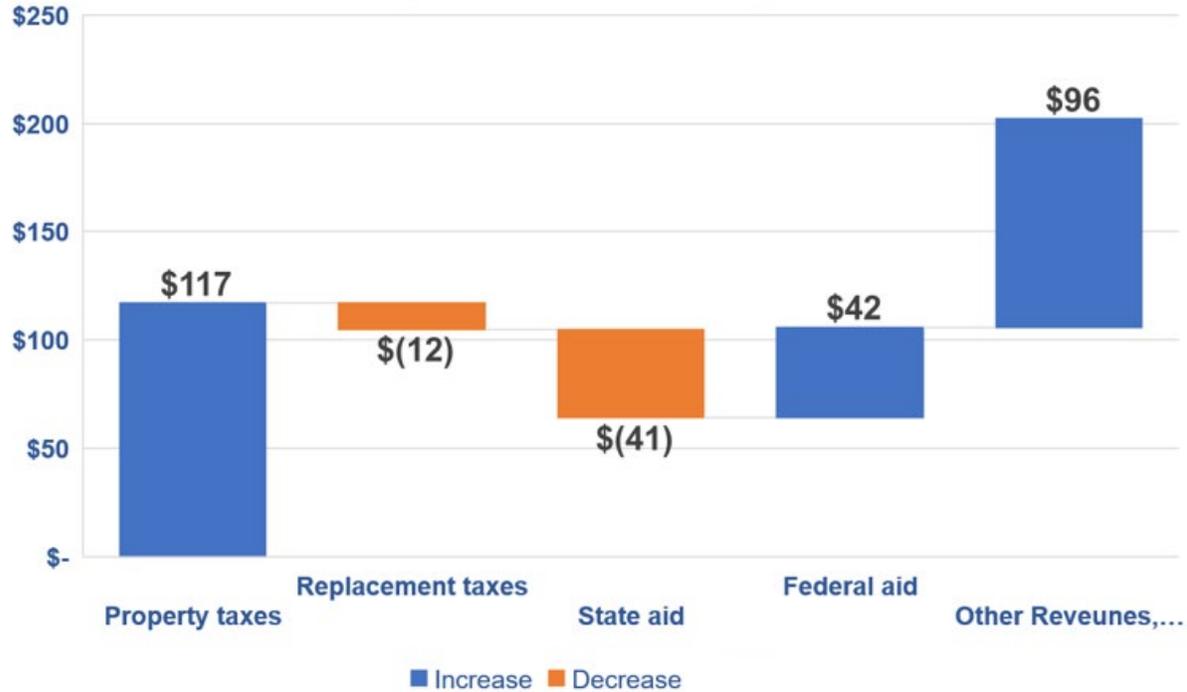
REVENUES, EXPENDITURES AND NET CHANGES IN FUND BALANCE  
GENERAL OPERATING FUND  
(Amounts in Millions)



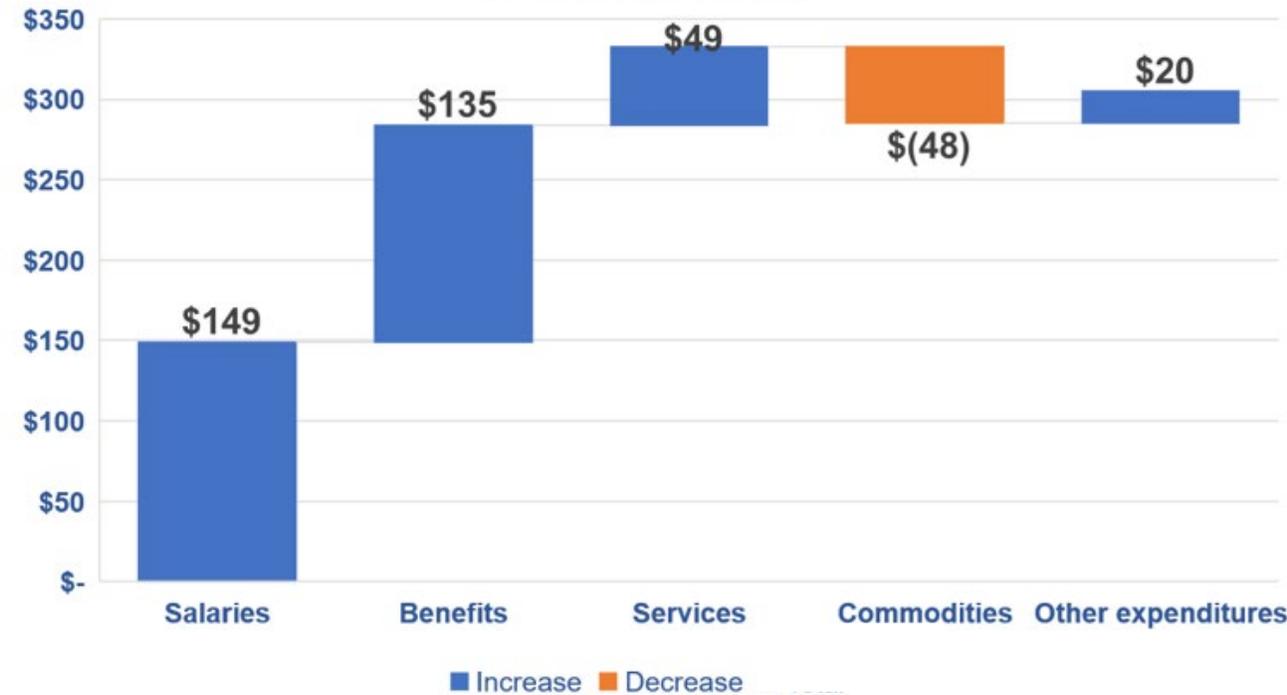
# FINANCIAL HIGHLIGHTS

## YEAR OVER YEAR COMPARISON CONTINUED

**REVENUES BY SOURCES**  
**INCREASE (DECREASE) FROM FY2019**  
**GENERAL OPERATING FUND**  
**(AMOUNTS IN MILLIONS)**



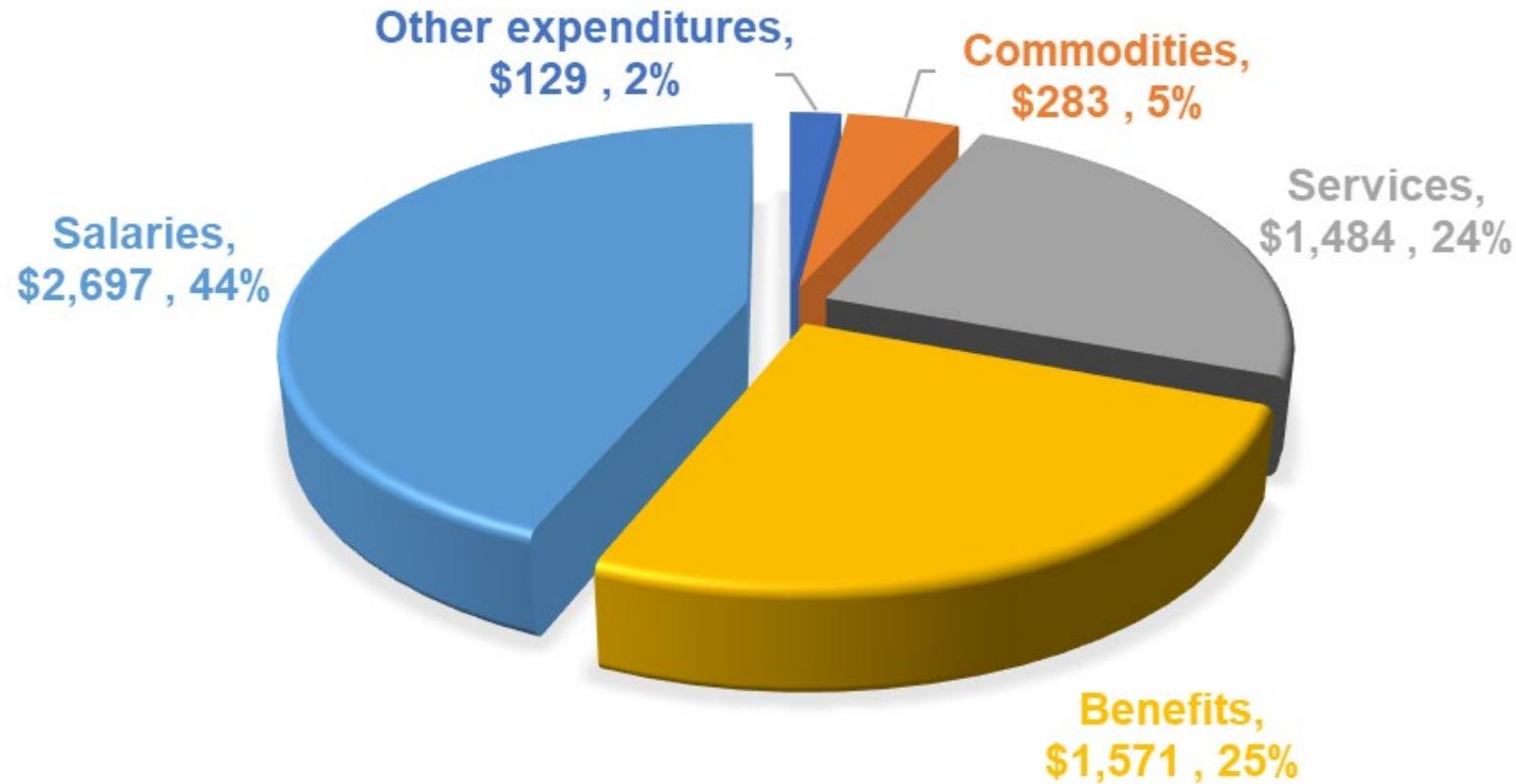
**EXPENDITURES BY OBJECTS**  
**INCREASE (DECREASE) FROM FY2019**  
**GENERAL OPERATING FUND**  
**(AMOUNTS IN MILLIONS)**



# FINANCIAL HIGHLIGHTS

## YEAR OVER YEAR COMPARISON CONTINUED

### FY 2020 EXPENDITURES GENERAL OPERATING FUND (AMOUNT IN MILLIONS)

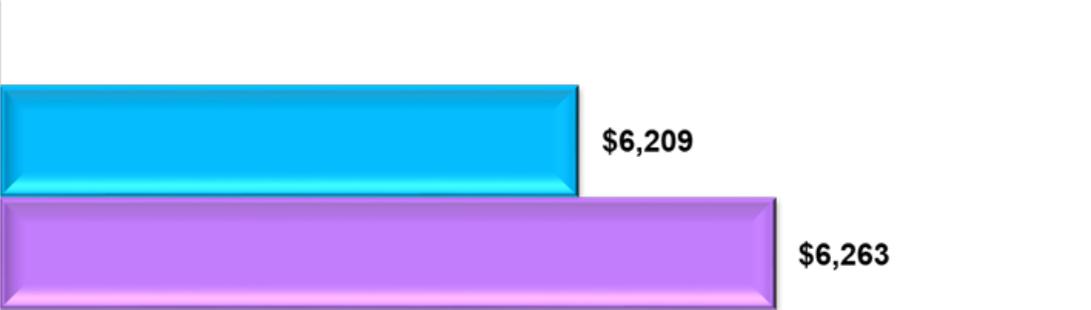


# BUDGET TO ACTUAL COMPARISON

## GENERAL OPERATING FUND (Amount in Millions)

FY20 Actual  
FY20 Final Budget

Total Revenues and Other financing sources

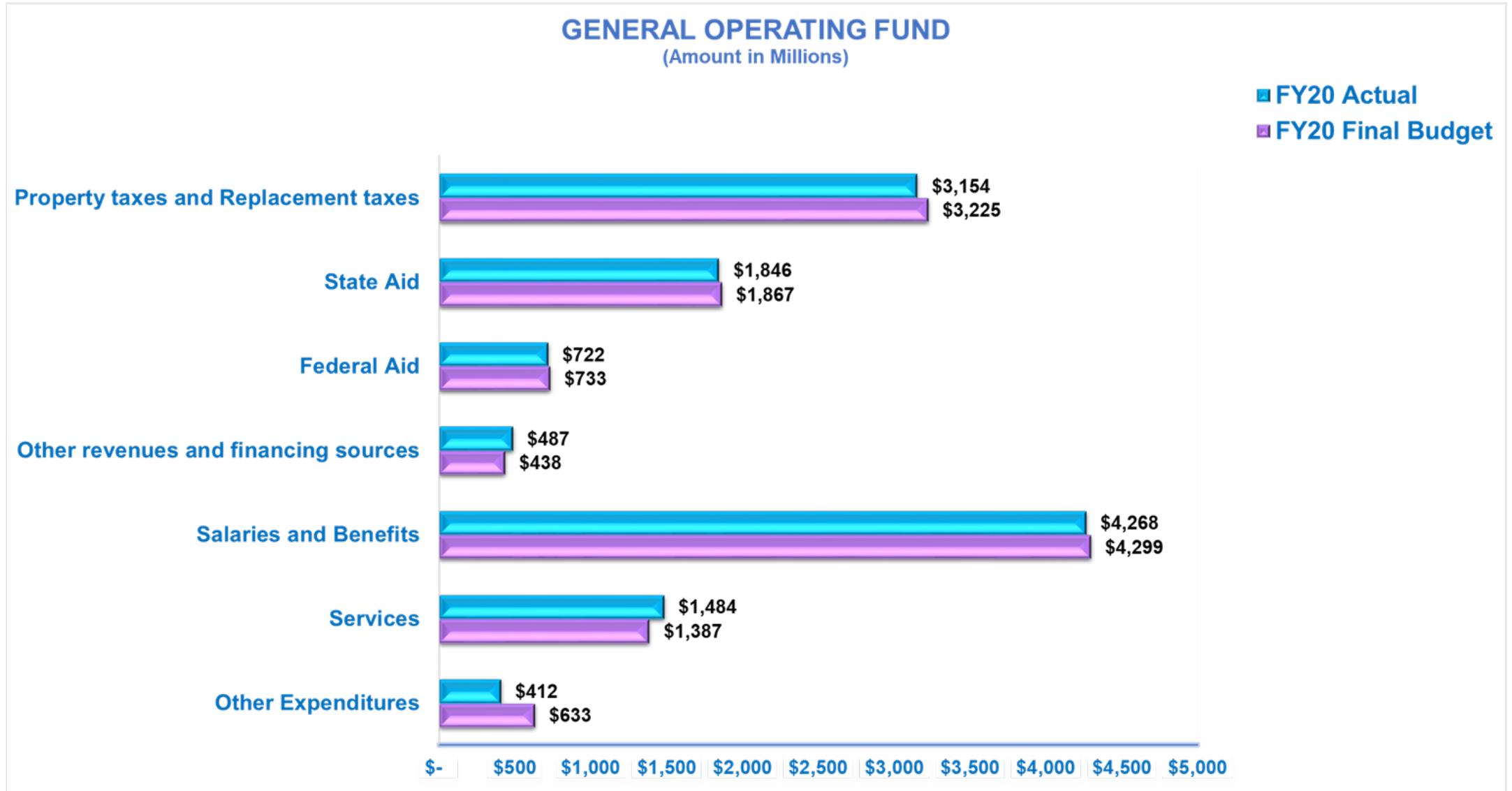


Total Expenditures



\$6,050 \$6,100 \$6,150 \$6,200 \$6,250 \$6,300 \$6,350

# BUDGET TO ACTUAL COMPARISON CONTINUED



# FINANCIAL HIGHLIGHTS

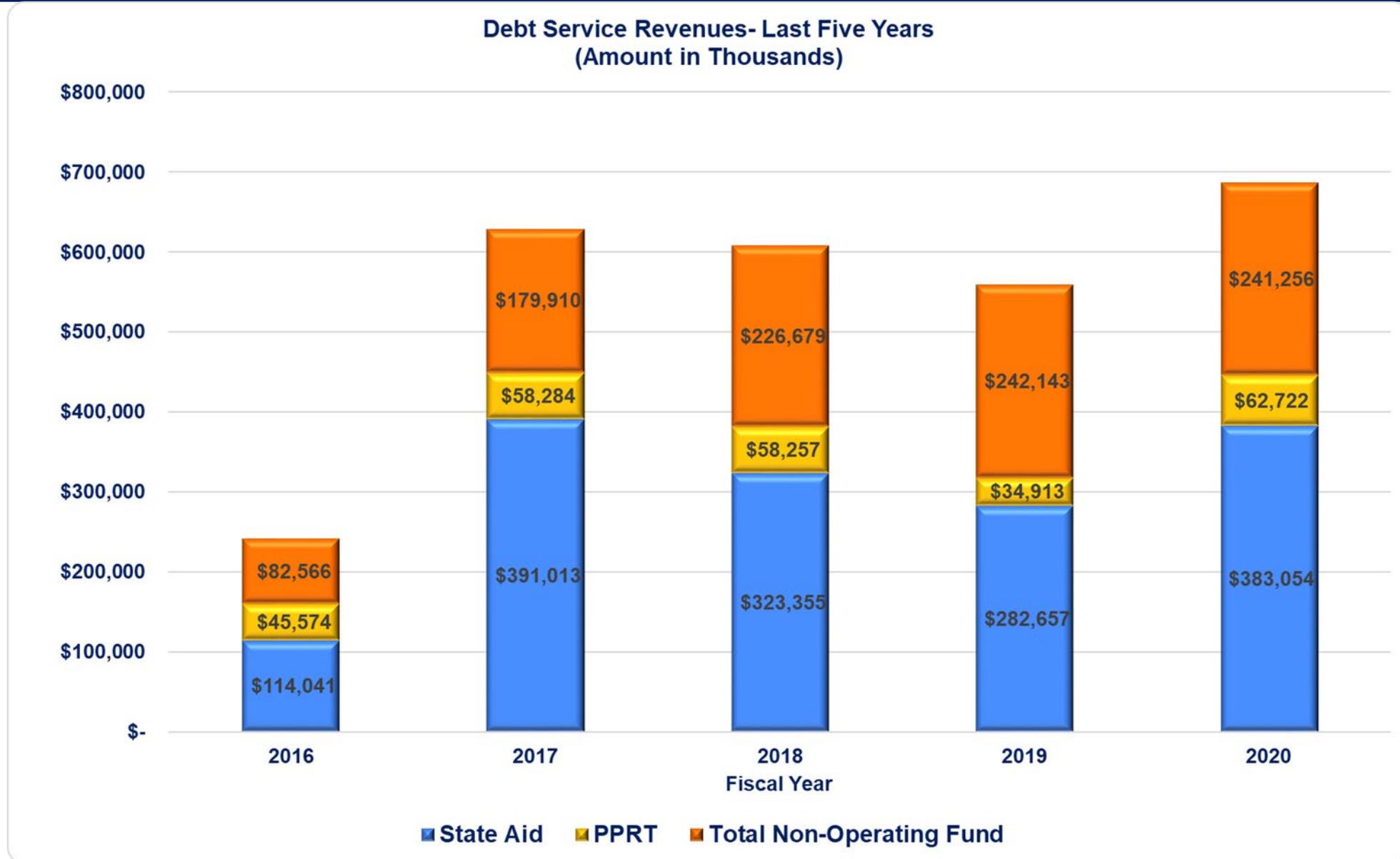
## YEAR OVER YEAR COMPARISON – LONG TERM DEBT

TOTAL BONDS' PRINCIPAL OUTSTANDING - LAST 5 YEARS  
AMOUNT IN MILLIONS



# FINANCIAL HIGHLIGHTS

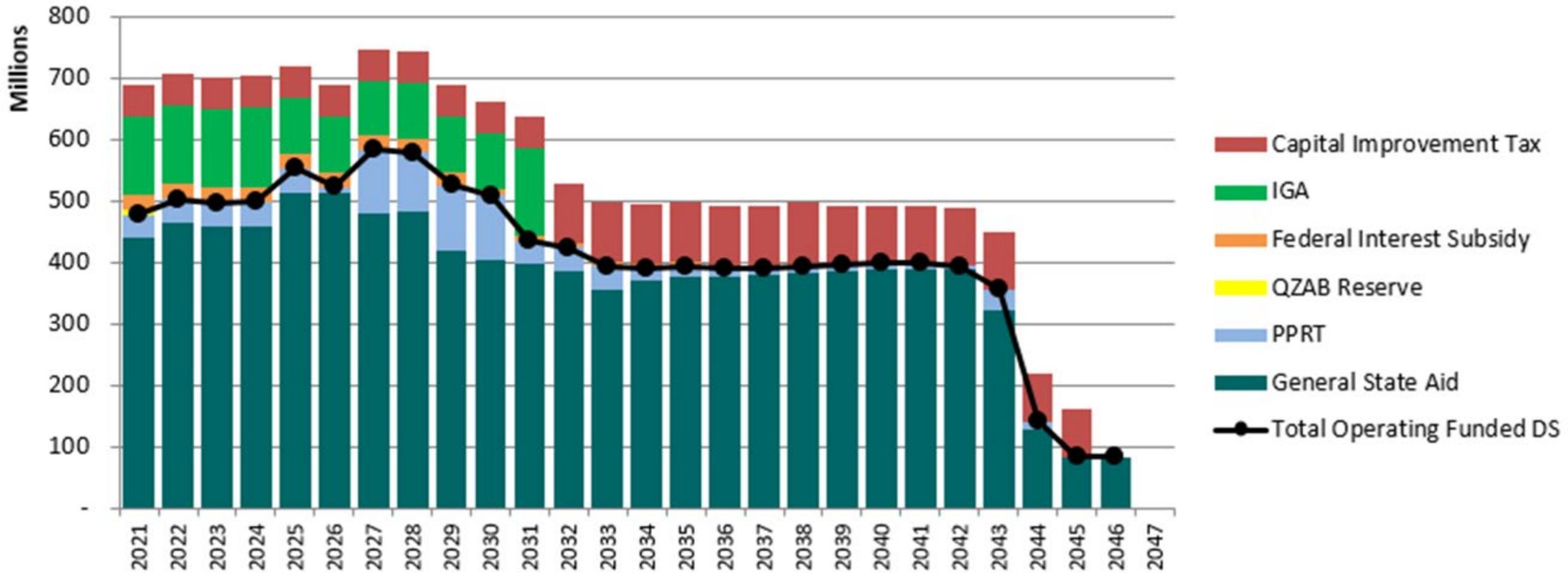
## YEAR OVER YEAR COMPARISON – DEBT SERVICE REVENUES



# FINANCIAL HIGHLIGHTS

## DEBT SERVICE FUNDING SCHEDULE

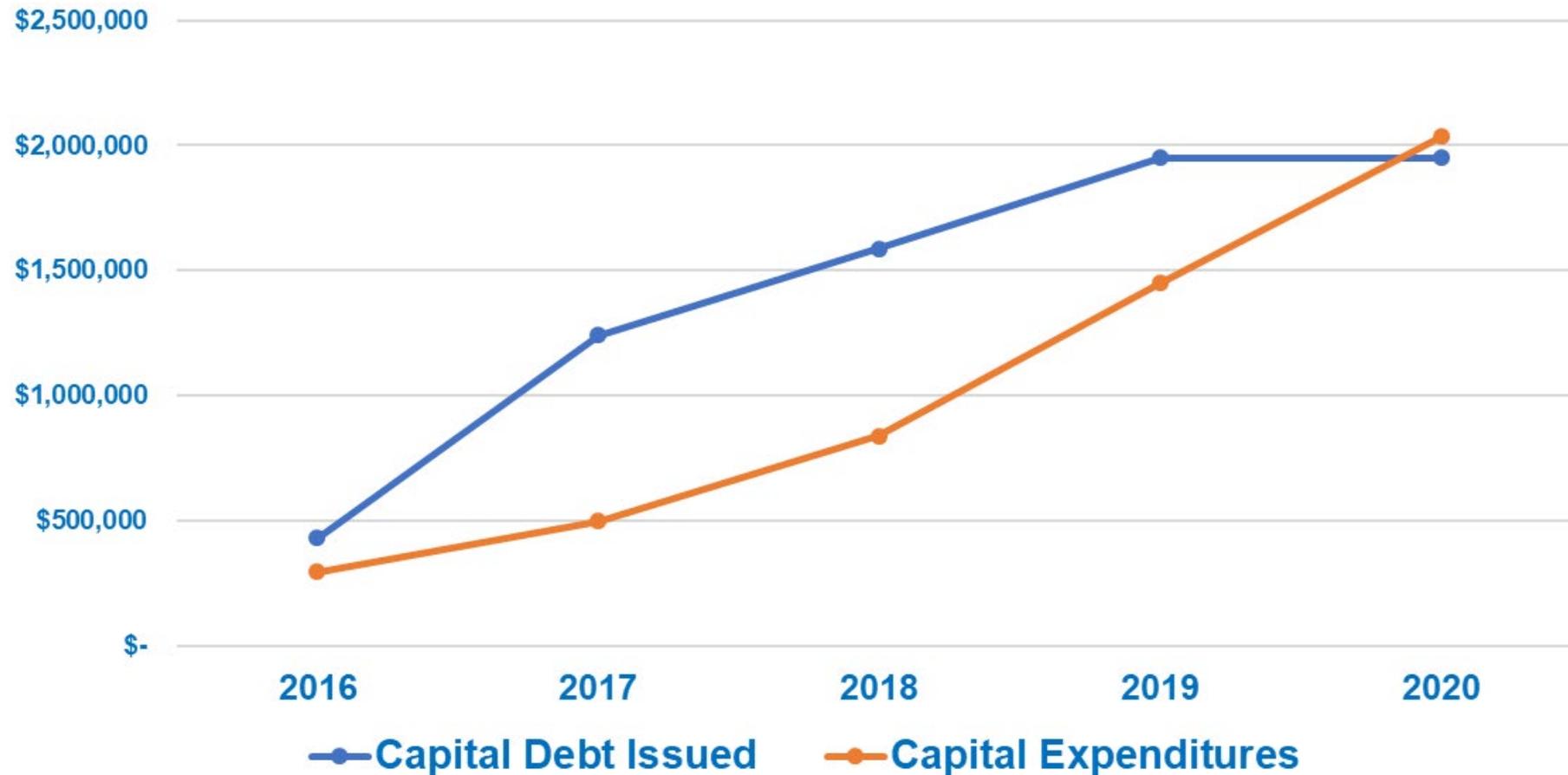
### CPS Debt Service Funding Schedule



# FINANCIAL HIGHLIGHTS

## YEAR OVER YEAR COMPARISON - CAPITAL DEBT & EXPENDITURES

Cumulative Capital Debt and Expenditures - Last 5 Years  
Amount in Thousand



# QUESTIONS

