



Financial Statements
June 30, 2019

Irvine Unified School District
Financing Authority

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

OF ORANGE COUNTY

IRVINE, CALIFORNIA

(A Joint Powers Entity)

JUNE 30, 2019

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>
Lauren Brooks	Chairperson
Betty Carroll	Vice Chairperson
Paul Bokota	Director
Ira Glasky	Director
Sharon Wallin	Director

ADMINISTRATION

Terry Walker	Executive Director
John Fogarty	Treasurer

ORGANIZATION

The Irvine Unified School District Financing Authority (the Authority) was established on November 1, 2005, under a joint powers agreement between the Irvine Unified School District (the District) and Community Facilities District No. 86-1 of the Irvine Unified School District for the purpose of financing or refinancing of Public Capital Improvements for any Local Agency through the purchase by the Authority of Obligations of any Local Agency pursuant to Bond Purchase Agreements or the lending of funds by the Authority to a Local Agency. During the period ending June 30, 2019, the Authority owned Obligations of Irvine Unified School District Community Facilities District No. 04-1 (CFD 04-1) - Northwood, the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2A) - Woodbury Improvement Area A, and the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2B) - Woodbury Improvement Area B of the Irvine Unified School District.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Irvine Unified School District
Financing Authority
Irvine, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Irvine Unified School District Financing Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Irvine Unified School District Financing Authority at June 30, 2019, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, on our consideration of the Authority's internal control over financial reporting and on its tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 30, 2020

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS

Accounts receivable	\$ 899,233
Long-term receivables	
Noncurrent portion of community facilities bonds receivable	<u>57,350,000</u>
Total Assets	<u>58,249,233</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding	<u>3,701,436</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 61,950,669</u>

LIABILITIES

Interest payable	\$ 899,233
Long-term obligations	
Current portion of long-term obligations	1,465,000
Noncurrent portion of long-term obligations	55,885,000
Premium on issuance of long-term obligations	<u>3,701,436</u>
Total Long-Term Obligations	<u>61,051,436</u>
Total Liabilities	<u>\$ 61,950,669</u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Expenses	Program Revenue	Net Governmental Activities
GOVERNMENTAL ACTIVITIES			
Interest on long-term obligations	\$ 3,060,689	\$ -	\$ (3,060,689)
 GENERAL REVENUES			
Interest and investment earnings			3,662,788
Other sources - call premium on prepayment			6,327,270
Total General Revenues			9,990,058
Change in Net Position			6,929,369
Net Position (Deficit) - Beginning			(6,929,369)
Net Position (Deficit) - Ending			\$ -

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

GOVERNMENTAL FUND RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total Fund Balance - Governmental Fund	\$ -
Amounts reported for governmental activities in the Statement of Net Position are different because:	
In governmental funds, unmatured interest on long-term obligations are recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.	(899,233)
In governmental funds, unmatured interest on long-term receivables are recognized in the period when it is received. On the government-wide financial statements, unmatured interest on long-term receivables is recognized when it is earned.	899,233
In governmental funds, deferred outflows of resources are not reported. The balance represents the unamortized balance amount as of June 30, 2019.	3,701,436
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term obligations at year-end consist of the following:	
Special Tax Revenue bonds and premium	(61,051,436)
Long-term receivables, including bonds receivable, are not earned and received in the current period and, therefore, are not reported as receivables in the funds.	
Special Tax bonds	<u>57,350,000</u>
Total Net Position (Deficit) - Governmental Activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Debt Service Fund
REVENUES	
Other local sources	<u>\$ 5,364,161</u>
EXPENDITURES	
Debt service	
Principal	1,355,000
Interest	3,786,666
Total Expenditures	<u>5,141,666</u>
Deficiency of Revenues Over Expenditures	<u>222,495</u>
OTHER FINANCING SOURCES (USES)	
Other sources - prepayment proceeds from CFD No. 04-2A	41,581,287
Other uses - payment for early retirement of Series 2006	
Special Tax Revenue Bonds	<u>(42,025,000)</u>
Net Financing Sources (Uses)	<u>(443,713)</u>
Net Change in Fund Balance	(221,218)
Fund Balance - Beginning	221,218
Fund Balance - Ending	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**GOVERNMENTAL FUND
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balance - Governmental Fund	\$ (221,218)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Proceeds received from long-term accounts receivable are not earned and received in the current period and, therefore, are not reported as receivables in the funds:	
Revenue from Special Tax Bonds	(36,082,730)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:	
Special Tax Revenue bonds	43,380,000
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. This adjustment combines the net changes of the following balances:	
Amortization of deferred charge on refunding	(215,618)
Amortization of debt premium	215,618
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (Accrued interest on the Special Tax Revenue bonds decreased.)	725,977
Interest on long-term receivables in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as revenue in the funds when it is received. In the Statement of Activities, however, interest revenue is recognized as the interest accrues, regardless of when it is received.	(872,660)
Change in Net Position of Governmental Activities	<u><u>\$ 6,929,369</u></u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Irvine Unified School District Financing Authority (the Authority) was established on November 1, 2005, under a joint powers agreement between the Irvine Unified School District (the District) and Community Facilities District No. 86-1 of the Irvine Unified School District for the purpose of financing or refinancing of Public Capital Improvements for any Local Agency through the purchase by the Authority of Obligations of any Local Agency pursuant to Bond Purchase Agreements or the lending of funds by the Authority to a Local Agency. During the period ending June 30, 2019, the Authority owned Obligations of Irvine Unified School District Community Facilities District No. 04-1 (CFD 04-1) - Northwood, the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2A) - Woodbury Improvement Area A, and the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2B) - Woodbury Improvement Area B of the Irvine Unified School District.

The Authority is governed by an appointed Board of Directors. The Board of Directors is comprised of five members. The Authority's significant accounting policies, as described below, are the same as for any joint powers authority.

Description of Funds

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Authority's funds are identified as governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Authority's governmental fund:

Debt Service Funds The Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term obligations.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which is different from the manner in which governmental fund financial statements are prepared.

Since the Authority does not have program revenues, the financial Statement of Activities presents all revenues as general revenues. Expenses are reported on a functional basis.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Fund Financial Statements Fund financial statements report detailed information about the Authority. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Authority only has one fund of which is considered a major governmental fund.

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenues - Exchange and Non-Exchange Transactions On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 to 60 days.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include the payments received from the CFDs. Revenue from these payments are recognized in the fiscal year in which the payments are received.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligation, which has not matured, are recognized when paid in the governmental funds.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Special Tax Revenue bonds are recognized as a liability on the fund financial statements when due.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Net Position

The net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Budgets and Budgetary Accounting

Annually, the Authority's Board of Directors adopts an operating budget. The Board and Treasurer revise this budget during the year to give consideration to unanticipated revenues and expenses partially resulting from events unknown at the time of budget adoption.

Income Taxes

The Authority's income is exempt from Federal and State income taxes under Internal Revenue Code Section 115 and the corresponding section of the California Revenue and Taxation Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consist of the following:

Local Sources

Interest

\$ 899,233

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Long-Term Accounts Receivable

On April 27, 2006, the Authority purchased \$70,935,000 of Special Tax bonds of the Irvine Unified School District Community Facilities District No. 04-1 - Northwood (CFD 04-1) Special Tax Bonds, Series 2006, the Irvine Unified School District Community Facilities District No. 04-2 -Woodbury Improvement Area A (CFD 04-2A) Special Tax Bonds, Series 2006, and the Irvine Unified School District Community Facilities District No. 04-2 Woodbury Improvement Area B (CFD 04-2B) Special Tax Bonds, Series 2006. CFD 04-1 and CFD 04-2B used the proceeds of their Series 2016 Special Tax Refunding Bonds to fully refund their respective Series 2006 Special Tax Bonds on March 1, 2017. CFD 04-2A used the proceeds of its Series 2016 Special Tax Refunding Bonds to fully refund its Series 2006 Special Tax Bonds, with a 20 percent call premium, on September 1, 2018. At June 30, 2019, the principal amount of Series 2006 Special Tax Bonds due to the Authority was received in full.

On December 13, 2016, the Authority purchased \$61,660,000 of Series 2016 Special Tax Refunding bonds of CFD 04-1, CFD 04-2A, and CFD 04-2B. The Special Tax Refunding Bonds carry an interest rate ranging from 2.0 percent to 5.0 percent and mature through September 1, 2036. At June 30, 2019, the principal amount of Series 2016 Special Tax Bonds due to the Authority was \$57,350,000.

Due within 1 year	\$ 1,465,000
Due after 1 to 5 years	7,255,000
Due after 5 to 10 years	13,370,000
Due after 10 to 15 years	19,675,000
Due after 15 to 18 years	15,585,000
Total	<u>\$ 57,350,000</u>

NOTE 3 - LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations for the year ended June 30, 2019, is shown below:

Authority Bonds	Balance July 1, 2018	Additions/ Adjustments	Deductions	Balance June 30, 2019	Due in One Year
Special Tax Revenue Bonds, Series 2006	\$ 42,025,000	\$ -	\$ 42,025,000	\$ -	\$ -
Special Tax Revenue Refunding Bonds, Series 2016	58,705,000	-	1,355,000	57,350,000	1,465,000
Premium on issuance of debt	3,917,054	-	215,618	3,701,436	-
	<u>\$ 104,647,054</u>	<u>\$ -</u>	<u>\$ 43,595,618</u>	<u>\$ 61,051,436</u>	<u>\$ 1,465,000</u>

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 4 - SPECIAL TAX REVENUE BONDS

On April 27, 2006, the Authority issued \$82,860,000 Series 2006 Special Tax Revenue Bonds, to purchase \$70,935,000 of Special Tax Bonds of CFD 04-1, CFD 04-2A, and CFD 04-2B. CFD 04-1 and CFD 04-2B used the proceeds of their Series 2016 Special Tax Refunding Bonds to fully refund their respective Series 2006 Special Tax Bonds on March 1, 2017. CFD 04-2A used the proceed of its Series 2016 Special Tax Refunding Bonds to fully refund the Series 2006 Special Tax Bonds on September 1, 2018. At June 30, 2019, the principal amount of Series 2006 Special Tax Revenue Bonds outstanding was paid in full.

On December 13, 2016, the Authority issued \$61,660,000 Series 2016 Special Tax Revenue Refunding Bonds to purchase \$61,660,000 of Series 2016 Special Tax Refunding Bonds of CFD 04-1, CFD 04-2A, and CFD 04-2B. The Special Tax Revenue Refunding Bonds carry interest rates ranging from 2.0 percent to 5.0 percent maturing through September 1, 2036. At June 30, 2019, the principal amount of Series 2016 Special Tax Revenue Refunding Bonds outstanding was \$57,350,000.

The annual debt service requirements to amortize the Series 2016 Special Tax Revenue Refunding Bonds, outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,465,000	\$ 2,675,725	\$ 4,140,725
2021	1,590,000	2,621,950	4,211,950
2022	1,730,000	2,555,550	4,285,550
2023	1,880,000	2,473,950	4,353,950
2024	2,055,000	2,375,575	4,430,575
2025-2029	13,370,000	10,058,500	23,428,500
2030-2034	19,675,000	5,963,375	25,638,375
2035-2037	15,585,000	986,175	16,571,175
Total	<u>\$ 57,350,000</u>	<u>\$ 29,710,800</u>	<u>\$ 87,060,800</u>

The Series 2016 Special Tax Revenue Refunding Bonds are payable solely from special tax revenue received from Irvine Unified School District CFD 04-1, CFD 04-2A, and CFD 04-2B.



INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Irvine Unified School District
Financing Authority
Irvine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of the Irvine Unified School District Financing Authority (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 30, 2020.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 30, 2020



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.