

INYO-KERN SCHOOLS FINANCING AUTHORITY

Special Concurrent Meeting of the Board of Directors

January 17, 2019

Ridgecrest City Council Chambers

100 W. California Ave.

Ridgecrest, CA 93555

A G E N D A

CALL TO ORDER AND PLEDGE TO THE FLAG

7:00 P.M.

Amy Castillo-Covert
Bill Farris
Tim Johnson
Kurt Rockwell, Chairman
Michael Scott, Vice Chairman
Donna Carson, Lone Pine Representative

Ernest M. Bell, Jr., Secretary of the Board

1. ADOPTION OF AGENDA
3. BUSINESS ADMINISTRATION
 - 3.1 Acceptance of 2017-18 Audit Report for the Inyo-Kern Schools Financing Authority
4. ADJOURNMENT

3. BUSINESS ADMINISTRATION

3.1 Acceptance of 2017-18 Audit Report for the Inyo-Kern Schools Financing Authority

BACKGROUND INFORMATION: In accordance with Education Codes 35145 and 41020, the authority is required to conduct an annual audit and report the findings of the Inyo-Kern Schools Financing Authority audit to the board.

CURRENT CONSIDERATIONS: The 2017-18 audit report has been prepared by the auditing firm of Vavrinek, Trine, Day, & Co., LLP and has been provided for review.

Inyo-Kern Schools Financing Authority received an unmodified opinion indicating the district's fiscal procedures and controls were implemented appropriately and in accordance with California Education Code and other appropriate regulations. No material weaknesses or significant deficiencies were identified in relation to internal controls over financial reporting. The authority complied in all material respects with the requirements regarding compliance for the year ending June 30, 2018.

The Inyo-Kern Schools Financing Authority financials appear as part of the blended component of the Sierra Sands Unified School District's annual audit. However, the Authority is audited separately.

FINANCIAL IMPLICATIONS: None.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the 2017-18 audit report for the Inyo-Kern Schools Financing Authority be accepted as presented.



Inyo-Kern Schools Financing Authority

Annual Audit Report Review

Audited financials through June 30, 2018

Vavrinek, Trine, Day, & Co. LLP.

- ▶ In February 2018, Sierra Sands requested proposals for a new audit firm. In March 2018, the Board approved the selection of Vavrinek, Trine, Day, & Co. LLP. (VTD) to provide audit services to Sierra Sands Unified School District and Inyo-Kern Schools Financing Authority.
- ▶ VTD has been in business for 70 years. Their clients include over 400 governmental agencies.
- ▶ VTD's Rancho Cucamonga, CA office provides services to 34 Unified School Districts in California. Not to mention scores of other types of school districts, charter schools, and joint powers authorities.

3 Types of Auditor Opinions

- ▶ An unqualified opinion is also known as a clean opinion. The auditor reports an unqualified opinion if the financial statements are presumed to be free from material misstatements. In addition, an unqualified opinion is given over the internal controls of an entity if management has claimed responsibility for its establishment and maintenance, and the auditor has performed fieldwork to test its effectiveness.

3 Types of Auditor Opinions

- ▶ A qualified opinion is given when a company's financial records have not been presented in accordance with the generally accepted accounting principles (GAAP). Although the wording of a qualified opinion is very similar to an unqualified opinion, the auditor provides an additional paragraph including exclusions from the cleanliness of the financial statements and points out why the auditor report is not unqualified.

3 Types of Auditor Opinions

- ▶ The most unfavorable opinion a business may receive is an adverse opinion. An adverse opinion indicates financial records are not in accordance to GAAP and are grossly misstated. An adverse opinion may be an indicator of fraud, and public entities that receive an adverse opinion are forced to correct their financial statements and have the financial statements re-audited. Investors, lenders and other financial institutions do not typically accept financial statements with adverse opinions.

Change in Net Position

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Lease payments from member districts	\$ 1,129,257	\$ 259,120	\$ 1,388,377
Investment earnings	5,818	472	6,290
Total Revenues	<u>1,135,075</u>	<u>259,592</u>	<u>1,394,667</u>
EXPENDITURES			
Current			
Other (outgo)	80,500	-	80,500
Debt service			
Principal	-	217,234	217,234
Interest and other	-	133,197	133,197
Total Expenditures	<u>80,500</u>	<u>350,431</u>	<u>430,931</u>
Excess of Revenues (Deficiency)			
Over Expenditures	<u>1,054,575</u>	<u>(90,839)</u>	<u>963,736</u>
Other Financing Sources			
Other sources - refunding bond proceeds	-	3,087,684	3,087,684
Other uses - payment to refunded bond escrow agent	-	(3,294,145)	(3,294,145)
Net Financing Sources	<u>-</u>	<u>(206,461)</u>	<u>(206,461)</u>
Net Change in Fund Balance	1,054,575	(297,300)	757,275
Fund Balance - Beginning	4,821	297,300	302,121
Fund Balance - Ending	<u>\$ 1,059,396</u>	<u>\$ -</u>	<u>\$ 1,059,396</u>