



September 21, 2015

The Honorable Glenda Sanders  
Presiding Judge  
Orange County Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701

Re: Irvine Unified School District's Response to 2014-15 Orange County Grand Jury Report,  
"Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency"

To the Honorable Glenda Sanders:

In accordance with California Penal Code section 933.05, the Orange County Grand Jury has requested that the Irvine Unified School District responds to Findings 4 and 5, and Recommendation 3 in the 2014-15 Orange County Grand Jury Report entitled, "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency."

**Finding 4: Vertical Joint Powers Authorities with a single controlling entity, such as a city council, have the potential to use this organizational structure as a shell company to avoid other legal constraints on the controlling entity and to obfuscate taxpayer visibility.**

**Response to Finding 4:** The Irvine Unified School District disagrees completely with this finding.

**Finding 5: Vertical Joint Authorities in which the controlling entity transfers assets from itself to a Joint Powers Authority for the purpose of obtaining additional funding, or signs a long-term lease to a Joint Powers Authority to obtain assets, are avoiding transparency and are not acting in the best interest of the taxpayers.**

**Response to Finding 5:** The Irvine Unified School District disagrees completely with this finding.

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**Recommendation 3: All Joint Powers Authorities should take the following actions to insure transparency to the taxpayers: (1) have an annual outside audit, (2) post the complete audit on their city website as a separate Joint Powers Authority entity, (3) send the audit to the County Controller and the State Auditor, and (4) ensure the required reports are filed annually to the County and the State.**

**Response to Recommendation 3:** The Irvine Unified School District already conducts an annual outside audit of the Irvine Unified School District Financing Authority. The Irvine Unified School District has posted the completed 2013-14 audit on their website thereby making the audit available to the County Controller, State Controller and any other public agency that may have an interest. In addition, the 2013-14 audit has been submitted to the Orange County Auditor Controller per California Government Code Section 6505. Therefore, this recommendation has been implemented.

If you have any further questions or need additional information, please contact John Fogarty at (949) 936-5035.

Sincerely,



Terry L. Walker,  
Executive Director  
Irvine Unified School District Financing Authority

cc: Orange County Grand Jury  
700 Civic Center Drive West  
Santa Ana, CA 92701

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