# NORTH COUNTY EDUCATIONAL PURCHASING CONSORTIUM

## AUDIT REPORT

**FOR THE YEAR ENDED**
**JUNE 30, 2026**

**NORTH COUNTY EDUCATIONAL PURCHASING CONSORTIUM**
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# FINANCIAL SECTION

# INDEPENDENT AUDITORS' REPORT

The Board of Directors
North County Educational Purchasing Consortium
San Marcos, CA

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the North County Educational Purchasing Consortium (the "Consortium"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Consortium, as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2026 on our consideration of the Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Consortium'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 Consortium's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
October 2, 2026

The following report reflects on the financial condition of North County Educational Purchasing Consortium (the "Consortium") for the year ended June 30, 2026. It is provided in order to enhance the information in the financial audit and should be reviewed in conjunction with that information.

## Introduction and Background

North County Educational Purchasing Consortium was established July 25, 1985 under the provisions of Title 1, Division 7, Chapter 5, Article 1 of the Government code of the State of California, consisting of various public educational agencies (school districts) in the County of San Diego to create a public entity, separate and apart from the parties involved. The purpose of the Agreement is to exercise the powers to purchase materials, supplies, equipment, and services jointly by combining the purchase requirements of each party and thereby enabling them to receive more favorable vendor bids on materials and supplies from contracts awarded pursuant to this agreement. Each member uses their own purchase forms, and orders are shipped directly to the ordering school site.

The Consortium collects dues from its members on an annual basis to pay for its operating expenses.

## Description of Basic Financial Statements

The Statement of Net Position provides information on the financial position of the Consortium as of June 30, 2026. The Statement of Revenues, Expenses, and Change in Net Position reports the result of operations of the Consortium for the year ended June 30, 2026. The Statement of Cash Flows provides a reconciliation of the change during the periods in cash and cash equivalents.

## Financial Analysis

### Statement of Net Position:

Below is a summary of the Statement of Net Position showing total assets versus total liabilities with a percentage of change from the 2024-25 to the 2025-26 program year.

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | Percentage |
| Assets | | | | |
| Cash and cash equivalents | $ 33,552 | $ 24,499 | $ 9,053 | 36.95% |
| Total assets | $ 33,552 | $ 24,499 | $ 9,053 | 36.95% |
| Net Position | | | | |
| Unrestricted | 33,552 | 24,499 | 9,053 | 36.95% |
| Total net position | $ 33,552 | $ 24,499 | $ 9,053 | 36.95% |

The overall assets comprised mainly of cash and cash equivalents increased in 2025-2026 by $9,053 or 36.95%, which is attributed to increased revenues primarily driven by the implementation of a new dues structure in 2025-26, with approximately 98% of member dues collected during the fiscal year. Revenue was also strengthened by more timely and consistent collection of vendor sponsorship fees related to the 2025 Holiday event and 2026 Annual Conference. In addition, some 2026-27 vendor fees were collected prior to June 30, 2026, contributing to the year-end cash balance.

A decrease in expenditures was primarily due to lower operating and event-related costs, including fewer expenses associated with the 2025 Holiday event, legal counsel fees, and training and professional development activities. Overall, improved revenue collection combined with reduced operating expenses resulted in the increase in cash and cash equivalents for 2025-26.

The net position of $33,552 increased in 2025-2026 by $9,053 or 36.95%. This is due to the following:

Increase in revenues and decrease in expenditures as outlined in the overall assets comprised mainly of cash and cash equivalents.

## Financial Analysis (continued)

### Statements of Income, Expenses, and Changes in Net Position:

In 2025-2026, revenues exceeded expenditures by $9,053, resulting in a net increase to the Net Position of 36.95% as shown in the Statements of Income, Expenses, and Changes in Net Position below.

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | Percentage |
| Revenues | | | | |
| Events | $ 15,470 | $ 11,342 | $ 4,128 | 36.40% |
| Contributions | 11,660 | 9,762 | 1,898 | 19.44% |
| Total Operating Revenues | 27,130 | 21,104 | 6,026 | 28.55% |
| Expenses | | | | |
| Program expenses | | | | |
| Advertising | 1,192 | 844 | 348 | 41.23% |
| Total Program Expenses | 1,192 | 844 | 348 | 41.23% |
| General and administrative expenses | | | | |
| Event costs | 7,549 | 13,494 | (5,945) | (44.06%) |
| Other administrative expenses | 9,336 | 10,158 | (822) | (8.09%) |
| Total General and Administrative Expenses | 16,885 | 23,652 | (6,767) | (28.61%) |
| Total Operating Expenses | 18,077 | 24,496 | (6,419) | (26.20%) |
| Change in Net Postion | 9,053 | (3,392) | 12,445 | (366.89%) |
| Beginning Net Position | 24,499 | 27,891 | (3,392) | (12.16%) |
| Ending Net Position | $ 33,552 | $ 24,499 | $ 9,053 | 36.95% |

Operating revenues consist of events and contributions. As the total operating revenues increased by $6,026 or 28.55%, the total operating expenses decreased by $6,419 or 26.20% primarily due to stronger collection of member dues under the new dues structure, a 98% collection rate, and more timely and consistent collection of vendor fees, including advance collection of vendor fees for the 2026 Annual Conference before June 30, 2026.

The decrease in total operating expenses was primarily due to lower operating and event related costs, including reduced food expenses, reduced professional development expenses due to fewer events and activities, lower legal counsel fees, and lower bid advertising costs.

### Budgetary Highlights

Each year NCEPC Board of Directors approves a budget and establishes rates and funding levels for the program year. The preliminary budget is brought to the Board in August, with a final budget to be approved by the Board in October. The final budget incorporates any changes in assumptions or projections that have been made subsequent to the approval of the preliminary budget.

## Financial Analysis (continued)

### Budgetary Highlights (continued):

Below is a summary of the budget information with a comparison to actual expenditures:

| | 2025-26 Budget | Actual | Difference | Percentage |
|---|---|---|---|---|
| Revenues | | | | |
| Events | $ 12,925 | $ 15,470 | $ (2,545) | (16.45%) |
| Contributions | 11,500 | 11,660 | (160) | (1.37%) |
| Interest | 4 | - | 4 | 0.00% |
| Total Operating Revenues | 24,429 | 27,130 | (2,701) | (9.96%) |
| Expenses | | | | |
| Program expenses | | | | |
| Advertising | 1,700 | 1,192 | 508 | 42.62% |
| Total Program Expenses | 1,700 | 1,192 | 508 | 42.62% |
| General and administrative expenses | | | | |
| Event costs | 7,375 | 7,549 | (174) | (2.30%) |
| Other administrative expenses | 15,700 | 9,336 | 6,364 | 68.17% |
| Total General and Administrative Expenses | 23,075 | 16,885 | 6,190 | 36.66% |
| Total Operating Expenses | 24,775 | 18,077 | 6,698 | 37.05% |
| Change in Net Postion | (346) | 9,053 | (9,399) | (103.82%) |
| Beginning Net Position | 24,499 | 24,499 | - | 0.00% |
| Ending Net Position | $ 24,153 | $ 33,552 | $ (9,399) | (28.01%) |

## Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations

At present there are no known facts or conditions that are expected to have a significant effect on the financial position or results of operations.

## Request for Information

The financial report is designed to provide a general overview of the Consortium's finances. Questions concerning this report or requests for additional financial information should be addressed to the North County Educational Purchasing Consortium, www.ncepc.org.

**NORTH COUNTY EDUCATIONAL PURCHASING CONSORTIUM**
**STATEMENT OF NET POSITION**
**JUNE 30, 2026**

| | |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents (Note 2) | $ 33,552 |
| **Total Assets** | 33,552 |
| **NET POSITION** | |
| Unrestricted | 33,552 |
| **Total Net Position** | $ 33,552 |

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

**NORTH COUNTY EDUCATIONAL PURCHASING CONSORTIUM**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | 2026 |
|---|---|
| **REVENUES** | |
| Events | $ 15,470 |
| Contributions | 11,660 |
| **Total Operating Revenues** | 27,130 |
| **EXPENSES** | |
| Program expenses | |
| Advertising | 1,192 |
| **Total Program Expenses** | 1,192 |
| General and administrative expenses | |
| Event costs | 7,549 |
| Other administrative expenses | 9,336 |
| **Total General and Administrative Expenses** | 16,885 |
| **Total Operating Expenses** | 18,077 |
| **CHANGE IN NET POSITION** | 9,053 |
| **Net Position - Beginning** | 24,499 |
| **Net Position - Ending** | $ 33,552 |

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

**NORTH COUNTY EDUCATIONAL PURCHASING CONSORTIUM**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from members | $ | 27,130 |
| Cash paid to vendors | | (18,077) |
| Net cash provided by (used in) operating activities | | 9,053 |
| Increase (decrease) in cash and cash equivalents | | 9,053 |
| Cash and cash equivalents, beginning of year | | 24,499 |
| Cash and cash equivalents, end of year | $ | 33,552 |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | |
| Operating income | $ | 9,053 |
| Net cash provided by (used in) operating activities | $ | 9,053 |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization**: North County Educational Purchasing Consortium (the "Consortium") was established July 25, 1985 under the provisions of Title 1, Division 7, Chapter 5, Article 1 of the Government code of the State of California, consisting of various public educational agencies (school districts) in the County of San Diego to create a public entity, separate and apart from the parties involved. The purpose of the Consortium is to exercise the powers to purchase materials, supplies, equipment, and services jointly by combining the purchase requirements of each party and thereby enabling them to receive more favorable vendor bids on materials and supplies from contracts awarded pursuant to this agreement. Each member uses their own purchase forms, and orders are shipped directly to the ordering school site.

The Consortium collects dues from its members on an annual basis to pay for its operating expenses.

As of June 30, 2026, the Consortium was composed of the following members and associate members:

Alpine Union School District
Bonsall Unified School District
Cajon Valley Union School District
Cardiff School District
Carlsbad Unified School District
Chula Vista Elementary School District
Coronado Unified School District
Dehesa School District
Del Mar Union School District
Encinitas Union School District
Escondido Union School District
Escondido Union High School District
Fallbrook Union Elementary School District
Fallbrook Union High School District
Grossmont Union High School District
Grossmont-Cuyamaca Community College District
Helix Charter School
High Tech High School
Jamul-Dulzura Union School District
Julian Union High School District
Lakeside Union School District
La Mesa-Spring Valley School District
Lemon Grove School District
Mountain Empire Unified School District
National School District
Oceanside Unified School District
Poway Unified School District
Ramona Unified School District
Rancho Santa Fe School District
San Diego County Office of Education
San Diego Unified School District
San Dieguito Union High School District
San Marcos Unified School District
San Pasqual Union School District
San Ysidro School District
Santee School District
Solana Beach School District
South Bay Union School District
Spencer Valley School District
Sweetwater Union High School District
Vallecitos School District
Valley Center-Pauma Unified School District
Vista Unified School District
Warner Unified School District

**Basis of Accounting**: The Consortium maintains its financial records using the accrual method of accounting under which income is recognized when earned and expenses are recorded when the obligation is incurred.

**Cash and Cash Equivalents**: Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of less than three months.

**Deferred Compensation:** The Consortium does not maintain or administer its own deferred compensation plan. The Consortium had no employees during the year ended June 30, 2026.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Property and Equipment**: Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method. As of June 30, 2026, the Consortium did not have any capitalized assets.

**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.

**New Accounting Pronouncements**:

**GASB Statement No. 103** – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The Consortium has implemented this statement as of June 30, 2026.

**GASB Statement No. 104** – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The Consortium has implemented this statement as of June 30, 2026.

**GASB Statement No. 105** – In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The statement is effective for periods beginning after June 15, 2026. The Consortium has not yet determined the impact on the financial statements.

## NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2026, consisted of the following:

| | | |
|---|---|---|
| Cash in bank | $ | 33,552 |
| **Total** | $ | 33,552 |

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Consortium's deposits may not be returned to it. The FDIC insures up to $250,000 of accounts per depositor per insured bank. As of June 30, 2026, the Consortium was not exposed to custodial credit risk for the amounts held in these accounts.

## NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2026, the Consortium did not have any receivables.

## NOTE 4 – ACCOUNTS PAYABLE

As of June 30, 2026, the Consortium did not have any payables.

## NOTE 5 – PENDING LITIGATION

As of June 30, 2026, the Consortium did not have any pending litigation.

# OTHER INDEPENDENT AUDITORS' REPORTS

# 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

Independent Auditors' Report

To the Board of Directors
North County Educational Purchasing Consortium
San Marcos, CA

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 North County Educational Purchasing Consortium (the "Consortium"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements, and have issued our report thereon dated October 2, 2026.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing 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 Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium'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 entity'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 or significant deficiencies in internal control over compliance may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium's financial statements are free of 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 financial statements. 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.*

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**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
October 2, 2026