

**TRACY SCHOOL
FACILITIES FINANCING
AUTHORITY JPA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2018**

TRACY SCHOOLS FACILITIES FINANCING AUTHORITY JPA

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FINANCIAL SECTION



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Governing Board
Tracy School Facilities Financing Authority JPA
Tracy, California

Report on the Financial Statements

We have audited the accompanying financial statements of Tracy School Facilities Financing Authority JPA (the Agency), a component unit of Tracy Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic 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.

Auditors' 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 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency'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 statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tracy School Facilities Financing Authority JPA at June 30, 2018, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's decision and analysis, 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. 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 January 25, 2019, on our consideration of the Tracy School Facilities Financing Authority JPA'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 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 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 Tracy School Facilities Financing Authority JPA's internal control over financial reporting and compliance.

Vavrinek, Ture, Day & Co LLP

Pleasanton, California
January 25, 2019

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

This section of Tracy School Facilities Financing Authority Joint Powers Agency (Agency)'s annual financial report presents management's discussion and analysis of the Agency's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the Agency's financial statements, which immediately follow this section. The financial statements are presented in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 34.

The Tracy School Facilities Financing Authority JPA ("the Agency") was established April 1, 2011 and commenced operations on April 6, 2011 to aid in the financing and refinancing of public capital improvements for the benefit of the Tracy Unified School District ("the District").

Tracy Unified School District manages the financial records and monitors financial activities of the Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The report consists of three basic financial statements: the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the Agency as a whole. The financial statements also include notes that explain some of the information in the statements and provide detailed data.

The Primary unit of the government is the Tracy School Facilities Financing Authority Joint Powers Agency. The Agency does not have any component units.

The Statement of Net Position

The focus of the Statement of Net Position includes all assets and liabilities of the Agency using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This statement combines and consolidates current financial resources with capital assets and long-term obligations. Net position is the difference between assets and liabilities, and are one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the Agency's operational activities, which are supported primarily by repayments from District bonds. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Cash Flows

The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the Agency.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The Agency’s total assets, liabilities, and net position for the fiscal year ended June 30, 2018 are presented below.

	2018	2017	Change	Percent Change
Assets				
Cash	\$ 2,663,121	\$ 2,807,663	\$ (144,542)	-5%
Interest subsidy receivable	351,876	377,040	(25,164)	-7%
Note receivable from District	12,673,000	13,360,000	(687,000)	-5%
Total Assets	15,687,997	16,544,703	(856,706)	-5%
Liabilities				
Current liabilities	351,876	377,040	(25,164)	-7%
Long-term obligations	16,430,000	17,605,000	(1,175,000)	-7%
Total Liabilities	16,781,876	17,982,040	(1,200,164)	-7%
Net Position				
Restricted	(1,093,879)	(1,437,337)	343,458	-24%
Total Net Position	\$ (1,093,879)	\$ (1,437,337)	\$ 343,458	-24%

The Agency’s total revenue and expenditures for the fiscal year ended June 30, 2018, are presented below:

	2018	2017	Change	Percent Change
Revenues				
General revenues:				
Interest revenue	\$ 1,192,994	\$ 1,269,283	\$ (76,289)	-6%
Total Revenues	1,192,994	1,269,283	(76,289)	-6%
Expenses				
Interest expense	849,536	909,652	(60,116)	-7%
Total Expenses	849,536	909,652	(60,116)	-7%
Change in Net Position	\$ 343,458	\$ 359,631	\$ (16,173)	-4%

Qualified School Construction Bonds (QSCB) interest subsidies to be received from the U.S. Treasury are expected to provide the additional funding necessary to repay the QSCB debt.

LONG TERM DEBT

In May 2011, the Agency issued bonds in the amount of \$19,770,000 that mature on May 1, 2026. \$16 million of the proceeds were used to purchase Measure S bonds from the District and \$3.77 million was deposited into a fund to be used by District Measure S projects.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

CONTACTING THE AGENCY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Associate Superintendent, Business Services, at Tracy Unified School District, 1875 West Lowell Avenue, Tracy, California, 95376, or e-mail at cgoodall@tUSD.net.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Current Assets

Deposits and investments	\$	2,663,121
Interest receivable		351,876
Total Current Assets		<u>3,014,997</u>

Noncurrent Assets

Note receivable		12,673,000
Total Noncurrent Assets		<u>12,673,000</u>
Total Assets		<u>15,687,997</u>

LIABILITIES

Interest payable from long term debt		351,876
Noncurrent portion of long-term obligations		16,430,000
Total Liabilities		<u>16,781,876</u>

NET POSITION

Restricted for:		
Debt service		(1,093,879)
Total Net Position	\$	<u>(1,093,879)</u>

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

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES

Interest revenue	\$ 1,192,994
Total Revenue	<u>1,192,994</u>

EXPENSES

Interest expense	849,536
Total Expenses	<u>849,536</u>

Change in Net Position	343,458
Net Position, Beginning of Year	<u>(1,437,337)</u>
Net Position, End of Year	<u><u>\$ (1,093,879)</u></u>

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

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from District	\$ 1,077,495
Net Cash Flows Provided By Operating Activities	<u>1,077,495</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal paid on capital debt	(1,175,000)
Interest paid on capital debt	(874,699)
Interest received on capital asset-related debt	815,612
Net Cash Flows From Capital Financing Activities	<u>(1,234,087)</u>
CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES	
Investment income	12,050
Net Cash Flows From Capital Financing Activities	<u>12,050</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(144,542)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,807,663</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,663,121</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	\$ 343,458
Adjustments to Reconcile Operating Income to Net Flows from Changes in Assets and Liabilities:	
Accounts receivables, net	734,037
Total Adjustments	<u>734,037</u>
Net Cash Flows Provided By Operating Activities	<u>\$ 1,077,495</u>

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

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – DESCRIPTION OF AGENCY

The Tracy School Facilities Financing Authority Joint Powers Agency (Agency) was created pursuant to a Joint Exercise of Powers Agreement (the Agreement), dated April 1, 2011, between the Tracy Unified School District (District) and the California Municipal Finance Authority (CMFA).

The purpose of the Agency includes but is not limited to, the issuance of bonds for any purpose or activity permitted under Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title I of the Government Code of the State of California, or any other applicable law, for the benefit of the Tracy Unified School District. The financial position and results of operations of the services are reflected in the funds of the joint powers authority. Under California law and the Agreement, the Agency is a public entity separate and apart from the parties to the Agreement and the debts, liabilities and obligations of the Agency are not the debts, liabilities or obligations of CMFA, the District or any representatives of CMFA or the District.

The Agency is deemed to be a component unit of the Tracy Unified School District, although it is a legally separate entity. The governing board of the Agency is appointed by the District. The Agency provides services entirely to the District. The Agency is fiscally responsible for its own operation, major financing arrangements and contracts. Tracy Unified School District manages the financial records and monitors the Agency's financial activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

All activities of the Agency are presented as proprietary funds. The Agency's financial statements are presented on the accrual basis of accounting. Under this method income is recognized when earned, expenses are recorded when incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Net Position

In accordance with generally accepted governmental accounting standards, a statement of net position, a statement of revenues and expenses and changes in net position, and a statement of cash flow are presented. Net position can be classified into restricted and unrestricted. These classifications are defined as follows:

Restricted – This component of net position consists of constraints placed on asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of amounts that do not meet the “restricted”, or “invested in capital assets, net of related debt definitions.

When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted funds first, then unrestricted resources as they are needed.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

The Bank of New York Mellon acting as a fiscal agent on behalf of the Agency held all cash and investments from long term debt issuances. Deposits and investments as of June 30, 2018, consists of \$2,663,121 of funds held by Bank of New York Mellon.

Policies and Practices

The Agency is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by bond trustees are further governed by the provisions of the debt agreements.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the Agency was not exposed to custodial credit risk.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the Agency has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Agency's own data. The Agency should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the Agency are not available to other market participants.

Uncategorized - Investments in the San Joaquin County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Agency's fair value measurements are as follows at June 30, 2018:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Treasuries	\$ 2,663,121	\$ 2,164,879	\$ 498,242	\$ -	\$ -

All assets have been valued using a market approach, with quoted market prices.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – RECEIVABLE FROM DISTRICT

Receivables at June 30, 2018, consisted of bond payments to be received from the Tracy Unified School District as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2019	\$ 753,000	\$ 368,895	\$ 1,121,895
2020	829,000	345,165	1,174,165
2021	981,000	318,015	1,299,015
2022	1,054,000	287,490	1,341,490
2023	1,126,000	254,790	1,380,790
2024-2026	7,930,000	564,690	8,494,690
Total	<u>\$ 12,673,000</u>	<u>\$ 2,139,045</u>	<u>\$ 14,812,045</u>

NOTE 6 – LONG TERM DEBT

On May 10, 2011, the Agency issued \$19,770,000 of Qualified School Construction Bonds. The bonds were issued to provide funds to purchase bonds from the District.

Summary

The changes in the Agency's long-term obligations during the year consisted of the following:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2018</u>
5/10/11	8/1/2026	5.14%	<u>\$ 19,770,000</u>	<u>\$ 17,605,000</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>	<u>\$ 16,430,000</u>

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2019	\$ 1,235,000	\$ 812,762	\$ 2,047,762
2020	1,300,000	747,613	2,047,613
2021	1,370,000	678,994	2,048,994
2022	1,440,000	606,777	2,046,777
2023	1,520,000	530,705	2,050,705
2024-2026	9,565,000	1,151,681	10,716,681
Total	<u>\$ 16,430,000</u>	<u>\$ 4,528,532</u>	<u>\$ 20,958,532</u>

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7 – NET POSITION

The net position deficit is the result of the transfer of \$19.7 million of funds to the District in exchange for a repayment agreement in the amount of \$16 million, plus interest. The principal and interest received from the district will be used to pay the principal on the Agency's debt. The majority of the interest on the Agency debt will be covered by an interest subsidy from the government, and is expected to result in a small interest cost to the Agency.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Grants

The Agency receives financial assistance from Federal agencies in the form of Qualified School Construction Bonds (QSCB). The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. A condition of the QCSB funds is that the proceeds must be spent within three years. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Agency at June 30, 2018.

Services Provided By Others

The Tracy Unified School District provides general accounting services and computer processing services for transactions and financial reports on behalf of the Agency.

Litigation

The Agency is not currently a party to any legal proceedings.

INDEPENDENT AUDITORS' REPORTS



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**INDEPENDENT AUDITORS' 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***

Governing Board
Tracy School Facilities Financing Authority JPA
Tracy, California

We have audited 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 the financial statements of Tracy School Facilities Financing Authority JPA as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Tracy School Facilities Financing Authority JPA's basic financial statements and have issued our report thereon dated January 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tracy School Facilities Financing Authority JPA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tracy School Facilities Financing Authority JPA's internal control. Accordingly, we do not express an opinion on the effectiveness of Tracy School Facilities Financing Authority JPA'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 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 deficiencies, significant deficiencies or material weaknesses. 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 Tracy School Facilities Financing Authority JPA'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 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 result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vaurinek, Tine, Day & Co LLP

Pleasanton, California
January 25, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

TRACY SCHOOL FACILITIES FINANCING AUTHORITY JPA

**SUMMARY OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.