

SEPARATE COVER ITEM 14.1.4  
MEASURE E  
FINANCIAL AUDIT &  
PERFORMANCE AUDIT

MEETING: FEBRUARY 10, 2009

**TRACY JOINT UNIFIED SCHOOL DISTRICT  
COUNTY OF SAN JOAQUIN  
TRACY, CALIFORNIA**

**MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006**

**FINANCIAL AUDIT**

**JUNE 30, 2008**

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
FINANCIAL AUDIT  
JUNE 30, 2008

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**FINANCIAL SECTION**

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Tracy Joint Unified School District

and

Citizens' Oversight Committee  
Measure E, General Obligation Bonds, Election of 2006

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the Bond Building Fund of the Tracy Joint Unified School District as of and for the fiscal year ended June 30, 2008. These statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit of the Bond Building Fund 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 Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the Bond Building Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Building Fund financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations for the Bond Building Fund of the Tracy Joint Unified School District as of and for the fiscal year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, on our consideration of the Tracy Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the Bond Building Fund. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2008

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
BOND BUILDING FUND - BALANCE SHEET  
JUNE 30, 2008

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<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 9,527,224
Accounts Receivable	
Interest	<u>121,817</u>
Total Assets	<u><u>\$ 9,649,041</u></u>
<b><u>Liabilities and Fund Balance</u></b>	
Liabilities:	
Due to General Fund	\$ 890
Fund Balance:	
Unreserved:	
Designated for Measure E Projects	<u>9,648,151</u>
Total Liabilities and Fund Balance	<u><u>\$ 9,649,041</u></u>
<b><u>County School Facilities Fund (Note 3)</u></b>	
Fund Balance:	
Unreserved:	
Designated for Measure E Projects	<u><u>\$ 2,801,792</u></u>

TRACY JOINT UNIFIED SCHOOL DISTRICT

MEASURE E

GENERAL OBLIGATION BONDS, ELECTION OF 2006

BOND BUILDING FUND - STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>
<b><u>Revenues</u></b>		
Bond Proceeds	\$ 20,000,000	\$ 20,000,000
Interest Revenue	574,611	574,611
Transfers In	4,430	4,429
Total Revenues	<u>20,579,041</u>	<u>20,579,040</u>
<b><u>Expenditures</u></b>		
<i>District Wide:</i>		
Bond Related Election Costs	31,368	28,301
<i>West High School:</i>		
Stadium	5,500,000	5,500,000
Pool	2,800,000	2,800,000
Theater	350,000	350,000
<i>Tracy High School:</i>		
Modernization	2,600,001	2,600,000
West Building Project	9,234,832	9,234,832
Total Expenditures	<u>20,516,201</u>	<u>20,513,133</u>
Net Changes in Fund Balance	<u>\$ 62,840</u>	65,907
Fund Balance - July 1, 2007		<u>9,582,244</u>
Fund Balance - June 30, 2008		<u>\$ 9,648,151</u>

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

Tracy Joint Unified School District (the "District") accounts for its financial transactions for the Bond Building Fund in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Fund Accounting

The accounts of the District are organized on the basis of funds, which are considered to be separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The proceeds from the sale of the Measure E general obligation bonds, and the subsequent expenditure of the bond funds, are accounted for in the Bond Building Fund of the District.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Bond Building Fund is accounted for using the modified accrual basis of accounting. The revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

D. Budgets and Budgetary Accounting

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual includes a column entitled "Budget". The amounts in this column represent the final revised budget adopted by the District's Board of Trustees.

E. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

F. Deposits and Investments

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The Bond Building Fund deposits maintained by the County are either secured by the FDIC or are collateralized.

The District 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 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.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2008, consist of the following:

County Pool Investments	<u>\$ 9,527,224</u>
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County Pool Investments

County pool investments consist of District cash held by the San Joaquin County Treasury that is invested in the county investment pool. The fair value of the District's Bond Building Fund investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

**TRACY JOINT UNIFIED SCHOOL DISTRICT**  
**MEASURE E**  
**GENERAL OBLIGATION BONDS, ELECTION OF 2006**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**General Authorization**

Limitation as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**TRACY JOINT UNIFIED SCHOOL DISTRICT**  
**MEASURE E**  
**GENERAL OBLIGATION BONDS, ELECTION OF 2006**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Segmented Time Distribution

Information about the sensitivity of the fair value of the District's Bond Building Fund investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's Bond Building Fund investment by maturity:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 9,527,224	\$ 9,521,041	\$ 9,527,224	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 9,527,224	\$ 9,521,041			\$ 9,527,224

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. However, the District does not hold any investments in any one issuer, at year-end, that represents five percent or more of the total investments held by the District.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District 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 (unless so waived by the governmental unit). 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 agencies. 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.

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2008, the District does not have any Bond Building Fund investments that are held by counterparties.

Derivative Investments

The District does not directly invest in any derivative investments. Information relating to the use of derivative investments by the San Joaquin County Treasury was not available.

NOTE 3 - COUNTY SCHOOL FACILITIES FUND

The Bond Building Fund transferred \$20,484,832 to the County School Facilities Fund for bond approved projects during fiscal year 2007-08. The County School Facilities Fund had an unexpended remaining balance of \$2,801,792 of bond funds as of June 30, 2008, designated for future Measure E projects.

**OTHER INDEPENDENT AUDITOR'S REPORTS SECTION**

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**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 Trustees  
Tracy Joint Unified School District

and

Citizens' Oversight Committee  
Measure E, General Obligation Bonds, Election of 2006

We have audited the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the Bond Building Fund of the Tracy Joint Unified School District as of and for the fiscal year ended June 30, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting of the Bond Building Fund as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting of the Bond Building Fund that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Bond Building Fund 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*.

This report is intended solely for the information and use of the District's Board, management, and the Measure E, General Obligation Bonds, Election of 2006, Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2008

## FINDINGS AND RECOMMENDATIONS SECTION



**TRACY JOINT UNIFIED SCHOOL DISTRICT**  
**MEASURE E**  
**GENERAL OBLIGATION BONDS, ELECTION OF 2006**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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There are no matters to report for the fiscal year ended June 30, 2008.

**TRACY JOINT UNIFIED SCHOOL DISTRICT  
COUNTY OF SAN JOAQUIN  
TRACY, CALIFORNIA**

**MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006**

**PERFORMANCE AUDIT**

**JUNE 30, 2008**

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

Board of Trustees  
Tracy Joint Unified School District

and

Citizens' Oversight Committee -  
Measure E, General Obligation Bonds, Election of 2006

Dear Ladies and Gentlemen:

In order to comply with subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Articles XIII A of the California Constitution, Tracy Joint Unified School District requested the firm of Stephen Roatch Accountancy Corporation to conduct the required performance and financial audits of the Measure E, General Obligation Bonds, Election of 2006, for the fiscal year ended June 30, 2008.

The attached report provides the results of our work that is being referred to as the "Performance Audit". The scope of services for the performance audit is outlined in the report. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures performed for the purpose for which this report has been requested or for any other purpose. We performed our engagement in accordance with performance auditing standards issued by the Comptroller General of the United States. For a clear understanding of our work, this report should be read in its entirety. The "Financial Auditing Services" requested by Tracy Joint Unified School District will be covered by a separate audit report.

This report is not a financial audit report, the objective of which would be the expression of an opinion on specified records or accounts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention. These matters would have been reported to you.

We appreciate the opportunity to serve Tracy Joint Unified School District and the Measure E, General Obligation Bonds, Election of 2006, Citizens' Oversight Committee through this engagement. We hope that you will find the results of our work to be helpful.

Sincerely

STEPHEN ROATCH ACCOUNTANCY CORPORATION

*Habbas Nassar*

Habbas Nassar  
Vice President

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
PERFORMANCE AUDIT  
JUNE 30, 2008

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TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**EXECUTIVE SUMMARY**

**Background**

In a general election held on November 7, 2000, California voters approved Proposition 39, which provides that the governing board of a school district may pursue the authorization and issuance of bonds by a 55% vote of the electorate. As a result of the passage of Proposition 39, language was added to the Education Code addressing the requirement to establish a Citizens' Oversight Committee to monitor and audit bond proceeds to ensure they are spent only on school and classroom improvements and not for any other purpose.

Proposition 39 contains two specific reporting requirements that are applicable to the District's general obligation bond program. The first requirement is for school district boards to provide for an annual, independent financial audit of the proceeds from the sale of the bonds until all of the funds have been expended for school facilities projects. The second requirement is for school district boards to provide for annual, independent performance audit to ensure that the bond funds have been expended only on the specific projects listed in the ballot measure.

Financial audits provide reasonable assurance about whether the financial statements of an entity present fairly the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Performance audits are an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program, or activity, in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action.

On February 14, 2006, the Board of Trustees of Tracy Joint Unified School District voted to place a 55% school facilities bond (Measure E) on the June 2006 ballot. On June 6, 2006, the Measure E Bonds were authorized at a special election of the registered voters of the District, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds with a principal amount not to exceed \$51,000,000.

The Tracy Joint Unified School District engaged Stephen Roatch Accountancy Corporation to perform the required financial and performance audits of the Measure E, General Obligation Bonds, Election of 2006, for the fiscal year ended June 30, 2008.

**Objective**

The objective of the performance audit is to provide an independent assessment of the District's compliance with certain state laws and procedures, specified by Tracy Joint Unified School District, for the purpose of assisting the Measure E, General Obligation Bonds, Election of 2006, Citizens' Oversight Committee to:

- Inform the public concerning the expenditure of bond funds.
- Ensure that bond funds are expended only for the purposes described in the ballot measure.
- Ensure that no funds are used for any teacher or administrative salaries or any other school operating expenditures.

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**EXECUTIVE SUMMARY (CONCLUDED)**

Scope of Services

To achieve the stated objective, Tracy Joint Unified School District requested Stephen Roatch Accountancy Corporation conduct a performance audit that consists solely of the following procedures:

- Review expenditures made from the bond proceeds and determine if the bond funds were used only for the purposes of the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. (California Constitution, Article XIII A, 1(b)(3)(A))
- Review expenditures made from the bond proceeds and determine if any of the bond funds were used to pay for teacher or administrative salaries, or any other school operating expenditures. (California Constitution, Article XIII A, 1(b)(3)(A))
- Review expenditures made from the bond proceeds and determine if the bond funds were spent only on projects identified in the ballot measure. (California Constitution, Article XIII A, 1(b)(3)(C))
- Review expenditures made from the bond proceeds and determine if bond funds were expended in accordance with District and State guidelines for bidding and procurement.
- Review the accounting system and account codes used by the District, and determine if they provide an adequate system for tracking bond fund expenditures by project.
- Review and evaluate whether the District's actions are consistent with assertions presented in the ballot measure.
- Review payments made to vendors and contractors to determine if the payments were made in accordance with required payment schedules.
- Review the bond sale transactions and determine if all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.
- Make recommendations that will help to improve the District bond program, if applicable.

Conclusion

On December 5, 2008, Stephen Roatch Accountancy Corporation completed the above procedures, which constitute the performance audit of the Measure E, General Obligation Bonds, Election of 2006, for the fiscal year ended June 30, 2008. The results of the performance audit are presented in the Summary of Audit Results section of this report.

## SUMMARY OF AUDIT RESULTS

TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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SUMMARY OF AUDIT RESULTS

1. Procedure:

Review expenditures made from the bond proceeds and determine if the bond funds were used only for the purposes of the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. (California Constitution, Article XIII A, 1(b)(3)(A))

Results:

All expenditures reviewed were made for allowable purposes in accordance California Constitution, Article XIII A, 1(b)(3)(A).

2. Procedure:

Review expenditures made from the bond proceeds and determine if any of the bond funds were used to pay for teacher or administrative salaries, or any other school operating expenditures. (California Constitution, Article XIII A, 1(b)(3)(A))

Results:

None of the expenditures reviewed were used to pay for teacher or administrative salaries, or any other school operating expenditures prohibited by California Constitution, Article XIII A, 1(b)(3)(A).

3. Procedure:

Review expenditures made from the bond proceeds and determine if the bond funds were spent only on projects identified in the ballot measure. (California Constitution, Article XIII A, 1(b)(3)(C))

Results:

All expenditures reviewed were made for projects that were identified in the ballot measure.

4. Procedure:

Review expenditures made from the bond proceeds and determine if bond funds were expended in accordance with District and State guidelines for bidding and procurement.

Results:

We noted no instances where District and State guidelines for bidding and procurement were not followed.



TRACY JOINT UNIFIED SCHOOL DISTRICT  
MEASURE E  
GENERAL OBLIGATION BONDS, ELECTION OF 2006  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**SUMMARY OF AUDIT RESULTS (CONCLUDED)**

5. Procedure:

Review the accounting system and account codes used by the District, and determine if they provide an adequate system for tracking bond fund expenditures by project.

Results:

The accounting system and account codes used by the District provide an adequate system for tracking bond fund expenditures by project.

6. Procedure:

Review and evaluate whether the District's actions are consistent with assertions presented in the ballot measure.

Results:

The District's actions appear to be consistent with assertions presented in the ballot measure.

7. Procedure:

Review payments made to vendors and contractors to determine if the payments were made in accordance with required payment schedules.

Results:

All payments reviewed were made in accordance with required payment schedules.

8. Procedure:

Review the bond sale transactions and determine if all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.

Results:

All bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.

9. Procedure:

Make recommendations that will help to improve the District bond program, if applicable.

Results:

There are no recommendations to report as a result of this performance audit.

