

TRAVIS UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

TRAVIS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2018

FINANCIAL SECTION

Independent Auditor's Report 2
Management's Discussion and Analysis 5
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 13
Statement of Activities 14
Fund Financial Statements
Governmental Funds - Balance Sheet 15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 16
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances 18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 19
Fiduciary Funds - Statement of Net Position and Changes in Net Position 21
Fiduciary Funds - Statement of Changes in Net Position 22
Notes to Financial Statements 23

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule 64
Schedule of Changes in the District's Total OPEB Liability and Related Ratios 65
Schedule of the District's Proportionate Share of the Net Pension Liability 66
Schedule of District Contributions 67
Note to Required Supplementary Information 68

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards 70
Local Education Agency Organization Structure 71
Schedule of Average Daily Attendance 72
Schedule of Instructional Time 73
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements 74
Schedule of Financial Trends and Analysis 75
Combining Statements - Non-Major Governmental Funds
Combining Balance Sheet 76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 77
Note to Supplementary Information 78

INDEPENDENT AUDITOR'S 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* 81
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 83
Report on State Compliance 85

TRAVIS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	89
Financial Statement Findings	90
Federal Awards Findings and Questioned Costs	91
State Awards Findings and Questioned Costs	92
Summary Schedule of Prior Audit Findings	93
Management Letter	95

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Travis Unified School District
Fairfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Travis Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's 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; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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 Entity'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 Entity'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 opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Travis Unified School District, as of June 30, 2018, 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.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison schedule on page 64, schedule of changes in the District's total OPEB liability and related ratios on page 65, schedule of the District's proportionate share of net pension liability on page 66, and the schedule of District contributions on page 67 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Travis Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Travis Unified School District'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 Travis Unified School District'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 Travis Unified School District's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 17, 2018

TRAVIS UNIFIED SCHOOL DISTRICT

Reaching beyond the boundaries to build a community of learners.

Pamela Conklin
Superintendent

2751 De Ronde Drive
Fairfield, CA 94533
(707) 437-4604

Cambridge Elementary School
100 Cambridge Drive, Vacaville
(707) 446-9494

Center Elementary School
3101 Markeley Lane, Fairfield
(707) 437-4621

Foxboro Elementary School
600 Morning Glory Drive, Vacaville
(707) 447-7883

Golden West Middle School
2651 De Ronde Drive, Fairfield
(707) 437-8240

Scandia Elementary School
100 Broadway Street, Travis AFB
(707) 437-4691

Travis Community Day School
2785 De Ronde Drive, Fairfield
(707) 437-8265

Travis Elementary School
100 Fairfield Avenue, Travis AFB
(707) 437-2070

Travis Education Center
2775 De Ronde Drive, Fairfield
(707) 437-8265

Vanden High School
2951 Markeley Lane, Fairfield
(707) 437-7333

Governing Board
Riitta DeAnda
Jamilah Whiteside
Ivery Hood
John Dickerson
Angela Weinzinger

This section of Travis Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018, with comparative information from 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District, as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The primary unit of the government is the Travis Unified School District.

FINANCIAL HIGHLIGHTS OF FISCAL YEAR 2017-2018

- The fiscal year 2017-2018 unrestricted General Funds closed the year with the required a minimum three percent reserve for economic uncertainties.
- A 3.25 percent on-schedule salary increase as of January 1, 2018, was given to all employees. Additionally, the employer benefit contribution was increased from $475 to $575/month.
- The Scandia Modernization project has neared completion.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of pre-kindergarten through grade twelve students, the operation of cafeteria activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like the funds for associated student body activities, and scholarships. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $19,404,599 for the fiscal year ended June 30, 2018. Of this amount, $(34,670,016) was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2018	(as Restated) 2017
Assets		
Current and other assets	$ 29,517,207	$ 35,424,428
Capital assets	85,468,145	67,511,787
Total Assets	114,985,352	102,936,215
Deferred Outflows of Resources	17,787,524	11,094,815
Liabilities		
Current liabilities	6,682,013	4,017,249
Long-term obligations	44,380,585	45,717,411
Aggregate net pension liability	58,935,077	50,250,164
Total Liabilities	109,997,675	99,984,824
Deferred Inflows of Resources	3,369,602	2,902,524
Net Position		
Net investment in capital assets	48,589,770	31,187,369
Restricted	5,485,845	13,895,612
Unrestricted (Deficit)	(34,670,016)	(33,939,299)
Total Net Position	$ 19,405,599	$ 11,143,682

The $(34,670,016) in unrestricted deficit net position of governmental activities represents the *accumulated* results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for services	$ 650,330	$ 723,099
Operating grants and contributions	6,934,169	6,011,145
General revenues:		
Federal and State revenue	43,414,331	43,215,285
Property taxes	10,345,450	10,088,845
Other general revenues	12,747,415	2,673,450
Total Revenues	74,091,695	62,711,824
Expenses		
Instruction-related	44,171,858	41,400,281
Pupil services	8,094,988	7,879,755
Administration	3,978,920	4,367,396
Plant services	6,981,025	7,447,261
Other	2,602,987	3,684,313
Total Expenses	65,829,778	64,779,006
Change in Net Position	$ 8,261,917	$ (2,067,182)

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $65,829,778. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $10,345,450 because the cost was paid by those who benefited from the programs ($650,330) or by other governments and organizations who subsidized certain programs with grants and contributions ($6,934,169). We paid for the remaining "public benefit" portion of our governmental activities with $43,414,331 in Federal and State funds, and with $12,747,415 other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction-related	$ 44,171,858	$ 41,400,281	$ 39,480,273	$ 37,913,045
Pupil services	8,094,988	7,879,755	5,845,749	5,471,418
Administration	3,978,920	4,367,396	3,814,543	4,187,401
Plant services	6,981,025	7,447,261	6,641,554	6,914,965
All other services	2,602,987	3,684,313	2,463,160	3,557,933
Total	$ 65,829,778	$ 64,779,006	$ 58,245,279	$ 58,044,762

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $23,326,203, which is a decrease of $8,581,174 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2017	Revenues	Expenditures	June 30, 2018
General Fund	$ 10,214,014	$ 57,681,502	$ 56,596,019	$ 11,299,497
Special Reserve Fund for Capital Outlay Projects	11,484,229	13,838,036	21,926,036	3,396,229
Capital Projects Fund for Blended Component Units	4,159,823	3,289,014	2,038,680	5,410,157
Non-Major Governmental Funds	6,049,311	3,816,511	6,645,502	3,220,320
Total	$ 31,907,377	$ 78,625,063	$ 87,206,237	$ 23,326,203

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $85,468,145 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $17,956,358, or 26.6 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2018	2017
Land	$ 12,548,300	$ 12,548,300
Construction-in-progress	23,230,310	2,799,005
Land improvements	10,284,235	11,013,997
Buildings and improvements	35,871,357	37,316,530
Furniture and equipment	3,533,943	3,833,955
Total	$ 85,468,145	$ 67,511,787

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

Long-Term Obligations

At the end of this year, the District had $44,380,585 in debt outstanding versus $45,717,411 last year, a decrease of $1,376,874, or 3.36 percent. The debt consisted of:

Table 6

	Governmental Activities	
		(as restated)
	2018	2017
Certificates of participation	$ 39,573,981	$ 40,950,855
Premium on issuance	2,714,551	2,866,763
Compensated absences	344,869	250,095
Net other postemployment benefits (OPEB) liability	1,747,184	1,649,698
Total	$ 44,380,585	$ 45,717,411

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

Net Pension Liability (NPL)

At year end, the District had a pension liability of $58,935,077, as a result of the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The District therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS

ECONOMIC FACTORS AND NEXT YEARS' BUDGETS

In preparing the District budget for 2018-2019 and the multi-year projections through 2020-2021, the following assumptions and criteria were considered:

- The FY 2018-2019 budget includes expenditures sufficient to implement the actions and strategies included in the Local Control Accountability Plan (LCAP).
- Includes increases for the employer paid portion of STRS and PERS, both program rates will continue to increase each year through FY 2020-2021.
- Department of Defense Education Activity (DoDEA) Project Connect and Open Doors grants.
- One-time Mandate funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. This report once approved by the Board of Trustees will be published to the District website. If you have questions about this report or need additional financial information, please contact Sonia Lasyone, Chief Business Officer, Travis Unified School District, 2751 De Ronde Drive, Fairfield, California 94533.

TRAVIS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 22,849,118
Receivables	6,597,652
Prepaid expenses	16,783
Stores inventories	53,654
Capital assets:	
Land and construction in process	35,778,610
Other capital assets	88,660,436
Less: Accumulated depreciation	(38,970,901)
Total Capital Assets	85,468,145
Total Assets	114,985,352
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	17,787,524
LIABILITIES	
Accounts payable	5,643,404
Interest payable	491,009
Unearned revenue	547,600
Long-term obligations	
Current portion of long-term obligations other than pensions	1,627,562
Noncurrent portion of long-term obligations other than pensions	42,753,023
Total Long-Term Obligation	44,380,585
Aggregate net pension liability	58,935,077
Total Liabilities	109,997,675
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	3,369,602
NET POSITION	
Net investment in capital assets	48,589,770
Restricted for:	
Capital projects	2,903,413
Educational programs	2,485,918
Other activities	96,514
Unrestricted (Deficit)	(34,670,016)
Total Net Position	$ 19,405,599

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

TRAVIS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 37,936,676	$ 24	$ 4,269,033	$ (33,667,619)
Instruction-related activities:				
Supervision of instruction	2,173,770	104	299,921	(1,873,745)
Instructional library, media, and technology	1,027,342	16	6,841	(1,020,485)
School site administration	3,034,070	-	115,646	(2,918,424)
Pupil services:				
Home-to-school transportation	1,777,750	-	-	(1,777,750)
Food services	1,733,396	616,852	791,017	(325,527)
All other pupil services	4,583,842	-	841,370	(3,742,472)
Administration:				
Data processing	496,310	-	-	(496,310)
All other administration	3,482,610	30,640	133,737	(3,318,233)
Plant services	6,981,025	2,693	336,778	(6,641,554)
Ancillary services	445,873	-	87,457	(358,416)
Interest on long-term obligations	1,210,375	-	-	(1,210,375)
Other outgo	946,739	1	52,369	(894,369)
Total Governmental Activities	$ 65,829,778	$ 650,330	$ 6,934,169	(58,245,279)
General revenues and subventions:				
Property taxes, levied for general purposes				7,109,481
Taxes levied for other specific purposes				3,235,969
Federal and State aid not restricted to specific purposes				43,414,331
Interest and investment earnings				335,368
Miscellaneous				12,412,047
Subtotal, General Revenues				66,507,196
Change in Net Position				8,261,917
Net Assets - Beginning (as Restated)				11,143,682
Net Position - Ending				$ 19,405,599

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

TRAVIS UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Special Reserve Fund for Capital Outlay Projects
ASSETS		
Deposits and investments	$ 11,258,837	$ 2,516,832
Receivables	2,641,880	3,922,953
Due from other funds	47,798	808,507
Prepaid expenditures	16,783	-
Stores inventories	19,255	-
Total Assets	$ 13,984,553	$ 7,248,292
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 1,768,695	$ 3,837,965
Due to other funds	368,761	14,098
Unearned revenue	547,600	-
Total Liabilities	2,685,056	3,852,063
Fund Balances:		
Nonspendable	86,038	-
Restricted	2,485,918	2,564,194
Assigned	7,031,388	832,035
Unassigned	1,696,153	-
Total Fund Balances	11,299,497	3,396,229
Total Liabilities and Fund Balances	$ 13,984,553	$ 7,248,292

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

Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
$ 5,404,549	$ 3,668,900	$ 22,849,118
5,608	27,211	6,597,652
-	53,840	910,145
-	-	16,783
-	34,399	53,654
$ 5,410,157	$ 3,784,350	$ 30,427,352
$ -	$ 36,744	$ 5,643,404
-	527,286	910,145
-	-	547,600
-	564,030	7,101,149
-	34,399	120,437
5,410,157	3,185,921	13,646,190
-	-	7,863,423
-	-	1,696,153
5,410,157	3,220,320	23,326,203
$ 5,410,157	$ 3,784,350	$ 30,427,352

TRAVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		**$ 23,326,203**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 124,439,046	
Accumulated depreciation is:	(38,970,901)	
Net Capital Assets		85,468,145
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(491,009)
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:		
Pension contributions subsequent to measurement date	4,782,687	
Net change in proportionate share of net pension liability	1,391,609	
Differences between projected and actual earning on pension plan investments	599,326	
Differences between expected and actual experience in the measurement of the total pension liability	774,561	
Changes of assumptions	10,239,341	
Total Deferred Outflows of Resources Related to Pensions		17,787,524
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:		
Net change in proportionate share of net pension liability	(1,331,682)	
Differences between projected and actuals earnings on pension plan investments.	(1,108,192)	
Differences between expected and actual experience in the measurement of the total pension liability	(725,747)	
Changes of assumptions	(203,981)	
Total Deferred Inflows of Resources Related to Pensions		(3,369,602)

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

TRAVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2018

Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		$ (58,935,077)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as obligations in the funds.		
Long-term obligations at year end consist of:		
Certificates of participation	$ (39,573,981)	
Premium on issuance	(2,714,551)	
Compensated absences (vacations)	(344,869)	
Net other postemployment benefits (OPEB) liability	(1,747,184)	
Total Long-Term Obligations		(44,380,585)
Total Net Position - Governmental Activities		**$ 19,405,599**

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

TRAVIS UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Reserve Fund for Capital Outlay Projects
REVENUES		
Local Control Funding Formula	$ 45,360,333	$ -
Federal sources	5,502,430	10,265,093
Other State sources	4,878,119	-
Other local sources	1,940,620	167,237
Total Revenues	57,681,502	10,432,330
EXPENDITURES		
Current		
Instruction	33,523,022	-
Instruction-related activities:		
Supervision of instruction	2,010,613	-
Instructional library, media, and technology	988,979	-
School site administration	2,831,640	-
Pupil services:		
Home-to-school transportation	1,563,975	-
Food services	-	-
All other pupil services	4,280,665	-
Administration:		
Data processing	379,890	-
All other administration	3,223,116	-
Plant services	5,641,599	3,163,654
Ancillary services	427,529	-
Other outgo	946,739	-
Facility acquisition and construction	6,518	18,549,301
Debt service		
Principal	-	-
Interest and other	750	213,081
Total Expenditures	55,825,035	21,926,036
Excess (Deficiency) of Revenues Over Expenditures	1,856,467	(11,493,706)
Other Financing Sources (Uses)		
Transfers in	-	3,405,706
Transfers out	(770,984)	-
Net Financing Sources (Uses)	(770,984)	3,405,706
NET CHANGE IN FUND BALANCES	1,085,483	(8,088,000)
Fund Balances - Beginning	10,214,014	11,484,229
Fund Balances - Ending	$ 11,299,497	$ 3,396,229

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

Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 45,360,333
-	831,205	16,598,728
-	53,087	4,931,206
3,289,014	1,101,398	6,498,269
3,289,014	1,985,690	73,388,536
-	-	33,523,022
-	-	2,010,613
-	-	988,979
-	-	2,831,640
-	-	1,563,975
-	1,516,017	1,516,017
-	-	4,280,665
-	-	379,890
-	77,484	3,300,600
-	74,714	8,879,967
-	-	427,529
-	-	946,739
15,159	446	18,571,424
611,874	765,000	1,376,874
139,810	1,018,135	1,371,776
766,843	3,451,796	81,969,710
2,522,171	(1,466,106)	(8,581,174)
-	1,830,821	5,236,527
(1,271,837)	(3,193,706)	(5,236,527)
(1,271,837)	(1,362,885)	-
1,250,334	(2,828,991)	(8,581,174)
4,159,823	6,049,311	31,907,377
$ 5,410,157	$ 3,220,320	$ 23,326,203

TRAVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds		**$ (8,581,174)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Capital outlays	$ 20,639,535	
Depreciation expense	(2,683,177)	
Net Expense Adjustment		17,956,358
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures or these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than amounts earned by $94,774.		(94,774)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in he deferred outflows, deferred inflows and net pension liability during the year.		(2,459,282)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(97,486)
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		
Certificates of participation		1,376,874

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

TRAVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued
FOR THE YEAR ENDED JUNE 30, 2018

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of debt premium	$	152,212
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is.		9,189
Change in Net Position of Governmental Activities	**$**	**8,261,917**

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

TRAVIS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Associated Student Bodies	Scholarship Trust	Total Fiduciary Funds
ASSETS			
Deposits and investments	$ 608,334	$ 7,626	$ 615,960
LIABILITIES			
Due to student groups	$ 608,334	-	608,334
NET POSITION			
Held in trust for scholarships		$ 7,626	$ 7,626

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

TRAVIS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2018

	Scholarship Trust
ADDITIONS	
Interest	$ 95
Change in Net Position	95
Net Position - Beginning	7,531
Net Position - Ending	$ 7,626

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Travis Unified School District (the District) was unified on January 30, 1962, under the laws of the State of California. The District operates under a locally elected five member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates five elementary schools, one middle school, one high school, one alternative education high school, and one community day school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Travis Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Public Property Financing Corporation of California, as represented by the Certificates of Participation, is presented in the financial statements as the Capital Project Fund for Blended Component Units, the COP Capital Projects Fund, and the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term obligations in the government-wide financial statements.

The Travis Unified School District CFD No. 1 and CFD No. 2 financial activity is presented in the financial statements within the Capital Project Fund for Blended Component Units. Special taxes collected for CFD No. 1 and CFD No. 2 are used to pay the certificates of participation issued by the Public Property Financing Corporation of California's (2016 COP) included in the Governmental Funds of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds are currently defined, as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase of $3,029,862.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Capital Projects Fund for Blended Component Units The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for and report financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

COP Capital Projects Fund The COP Capital Projects Fund is used to account for capital projects that are considered component units of the District under generally accepted accounting principles.

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

COP Debt Service Fund The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust fund are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, no available to support the District's own programs. The District trust fund account for scholarship activity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity account since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

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. Fair values of investments in the county and investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight line method.

In governmental fund financials statements, bond premiums and discounts, as well as debt issuance costs, are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and additions to/deductions from the District Plan net position have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $5,485,845 of restricted net position.

Interfund Activity

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the *Statement of Activities*.

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.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 13 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Solano bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;

- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental activities	$ 22,849,118
Fiduciary funds	615,960
Total Deposits and Investments	$ 23,465,078

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 608,334
Cash in revolving	50,000
Investments	22,806,744
Total Deposits and Investments	$ 23,465,078

Policies and Practices

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.

Investment in County Treasury - 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 fair value of the District's investment in the pool is reported in the accounting financial statements at amounts 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). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules 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 Corporate 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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities through the last scheduled payment of the certificates of participation debt.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase 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.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Maturity Date/ Weighted Average to Maturity in Days
U.S. Agencies	$ 663,195	8/27/2027
Solano County Investment Pool	22,143,549	420
Total	$ 22,806,744	

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.

Investment Type	Minimum Legal Rating	S&P Global Rating June 30, 2018	Reported Amount
U.S. Agencies	Not Required	Not Rated	$ 663,195
Solano County Investment Pool	Not Required	Aaf/S1	22,143,549
Total Investments			$ 22,806,744

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 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 District's bank balance was not exposed to custodial credit risk.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District 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 District 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 District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Solano 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 District's fair value measurements are as follows at June 30, 2018:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
U.S. Agencies	$ 663,195	$ 663,195	$ -
Solano County Investment Pool	22,143,549	-	22,143,549
Total	$ 22,806,744	$ 663,195	$ 22,143,549

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects for Blended Component Units	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	$ 1,698,202	$ 3,922,953	$ -	$ 25,255	$ 5,646,410
State Government					
Categorical aid	233,812	-	-	1,956	235,768
Lottery	578,828	-	-	-	578,828
Local Government					
Other Local Sources	131,038	-	5,608	-	136,646
Total	$ 2,641,880	$ 3,922,953	$ 5,608	$ 27,211	$ 6,597,652

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 12,548,300	$ -	$ -	$ 12,548,300
Construction in Progress	2,799,005	20,455,671	24,366	23,230,310
Total Capital Assets Not Being Depreciated	15,347,305	20,455,671	24,366	35,778,610
Capital Assets Being Depreciated:				
Land Improvements	15,724,351	27,450	-	15,751,801
Buildings and Improvements	63,853,360	1,577	-	63,854,937
Furniture and Equipment	8,874,495	179,203	-	9,053,698
Total Capital Assets Being Depreciated	88,452,206	208,230	-	88,660,436
Total Capital Assets	103,799,511	20,663,901	24,366	124,439,046
Less Accumulated Depreciation:				
Land Improvements	4,710,354	757,212	-	5,467,566
Buildings and Improvements	26,536,830	1,446,750	-	27,983,580
Furniture and Equipment	5,040,540	479,215	-	5,519,755
Total Accumulated Depreciation	36,287,724	2,683,177	-	38,970,901
Governmental Activities Capital Assets, Net	$ 67,511,787	$ 17,980,724	$ 24,366	$ 85,468,145

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 2,012,155
Supervision of instruction	50,344
School site administration	13,116
Home-to-school transportation	167,977
Food services	192,071
All other pupil services	83,323
All other administration	87,236
Plant services	76,955
Total Depreciation Expenses Governmental Activities	$ 2,683,177

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	$ -	$ 14,098	$ 33,700	$ 47,798
Special Reserve Fund for Capital Outlay Projects	314,921	-	493,586	808,507
Non-Major Governmental Funds	53,840	-	-	53,840
Total	$ 368,761	$ 14,098	$ 527,286	$ 910,145

The balance of $14,098 is due to the General Fund from the Special Reserve Fund for Capital Outlay Projects for Scandia construction expenses.

The balance of $33,700 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs.

The balance of $53,840 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for student negative account balances.

The balance of $314,921 is due to the Special Reserve Fund for Capital Outlay Projects from the General Fund for Scandia construction.

The balance of $493,586 is due to the Special Reserve Fund for Capital Outlay Projects from the COP Capital Projects Non-Major Governmental Fund for reimbursement of Scandia construction expenses.

Operating Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfer From			
Transfer To	General Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total
Special Reserve Fund for Capital Outlay Projects	$ 212,000	$ -	$ 3,193,706	$ 3,405,706
Non-Major Governmental Funds	558,984	1,271,837	-	1,830,821
Total	$ 770,984	$ 1,271,837	$ 3,193,706	$ 5,236,527

The General Fund transferred to the Cafeteria Non-Major Governmental Fund for reduced fee buyout and students' negative account balances.	$ 48,070
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for Scandia Project.	212,000
The Capital Projects Fund for Blended Component Units transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments.	1,271,837
The General Fund transferred to the COP Debt Service Non-Major Governmental Fund for interest payment.	510,914
The COP Capital Projects Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for capital project expenditures.	3,193,706
Total	$ 5,236,527

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Vendor payables	$ 1,335,381	$ -	$ 29,886	$ 1,365,267
Salaries and benefits	397,089	-	6,858	403,947
Construction	36,225	3,837,965	-	3,874,190
Total	$ 1,768,695	$ 3,837,965	$ 36,744	$ 5,643,404

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	General Fund
Federal financial assistance	$ 10,853
State categorical aid	297,283
Other local	239,464
Total	$ 547,600

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2017 (as Restated)	Additions	Deductions	Balance June 30, 2018	Due in One Year
Certificates of participation	$ 40,950,855	$ -	$ 1,376,874	$ 39,573,981	$ 1,627,562
Premium on issuance	2,866,763	-	152,212	2,714,551	-
Compensated absences	250,095	94,774	-	344,869	-
Net other postemployment benefits (OPEB) liability	1,649,698	97,486	-	1,747,184	-
	$ 45,717,411	$ 192,260	$ 1,529,086	$ 44,380,585	$ 1,627,562

Payments on certificates of participation are made in the Capital Projects Fund for Blended Component Units and the COP Debt Service Fund. The compensated absences are paid by the fund for which the employee worked. Payments for net other postemployment benefits (OPEB) liability are paid by the General Fund.

Certificates of Participation

The outstanding certificates of participation are as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued	Redeemed	Bonds Outstanding June 30, 2018
2/25/2016	9/1/2036	2.00-5.00%	19,625,000	19,215,000	-	465,000	18,750,000
10/1/2016	9/1/2033	2.00-4.00%	6,170,000	6,170,000	-	300,000	5,870,000
6/5/2017	3/1/2028	2.490%	3,528,794	3,528,794	-	-	3,528,794
6/5/2017	3/1/2037	4.680%	4,230,971	4,230,971	-	-	4,230,971
6/5/2017	3/1/2029	2.490%	7,806,090	7,806,090	-	611,874	7,194,216
				$ 40,950,855	$ -	$ 1,376,874	$ 39,573,981

2016 Certificates of Participation

On February 25, 2016, the District issued Certificates of Participation totaling $19,625,000, pursuant to a lease agreement with the District and the Public Property Financing Corporation of California. Interest rates range from 2.00 to 5.00 percent. The proceeds were used to refund the 2006 Certificates of Participation. At June 30, 2018, the principal balance outstanding was $18,750,000, and unamortized premium on issuance was $2,190,807.

The certificates mature through September 1, 2036, as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 510,000	$ 789,794	$ 1,299,794
2020	560,000	768,394	1,328,394
2021	620,000	744,794	1,364,794
2022	680,000	718,794	1,398,794
2023	725,000	690,694	1,415,694
2024-2028	4,755,000	2,825,344	7,580,344
2029-2033	7,035,000	1,380,744	8,415,744
2034-2037	3,865,000	183,403	4,048,403
Total	$ 18,750,000	$ 8,101,961	$ 26,851,961

2016 Series B Certificates of Participation

On October 1, 2016, the District issued Certificates of Participation totaling $6,170,000, pursuant to a lease agreement with the District and the Public Property Financing Corporation of California. Interest rates range from 2.00 to 4.00 percent. The proceeds were used to finance various construction and modernization projects at Scandia Elementary School. At June 30, 2018, the principal balance outstanding was $5,870,000, and unamortized premium on issuance was $523,744.

The certificates mature through September 1, 2033, as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 280,000	$ 205,219	$ 485,219
2020	285,000	198,144	483,144
2021	295,000	189,444	484,444
2022	305,000	180,444	485,444
2023	315,000	169,569	484,569
2024-2028	1,765,000	645,244	2,410,244
2029-2033	2,150,000	258,341	2,408,341
2034	475,000	6,531	481,531
Total	$ 5,870,000	$ 1,852,936	$ 7,722,936

2017 Series A Public Lease Revenue Bond

On June 5, 2017, the Public Property Financing Corporation of California issued $3,528,794 of a Tax-Exempt Lease with an interest rate of 2.49 percent. The proceeds were used for Energy Efficient Projects. At June 30, 2018, the principal balance outstanding was $3,528,794.

The certificates mature through March 1, 2028, as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 261,428	$ 86,240	$ 347,668
2020	286,908	79,571	366,479
2021	313,698	72,261	385,959
2022	356,947	64,180	421,127
2023	366,781	55,231	422,012
2024-2028	1,943,032	129,850	2,072,882
Total	$ 3,528,794	$ 487,333	$ 4,016,127

2017 Series B Public Lease Revenue Bond

On June 5, 2017, the Public Property Financing Corporation of California issued $4,230,971 of a Renewable Energy Bond with an interest rate of 4.68 percent. The proceeds were used for improvements to Vanden High School. At June 30, 2018, the principal balance outstanding was $4,230,971.

The certificates mature through March 1, 2037, as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ 198,009	$ 198,009
2020	-	198,009	198,009
2021	-	198,009	198,009
2022	-	198,009	198,009
2023	-	198,009	198,009
2024-2028	178,526	987,958	1,166,484
2029-2033	2,497,713	671,472	3,169,185
2034-2037	1,554,732	169,275	1,724,007
Total	$ 4,230,971	$ 2,818,750	$ 7,049,721

2017 Refunding Series C Public Lease Revenue Bond

On June 5, 2017, the Public Property Financing Corporation of California issued $7,806,090 of a Refunding Public Lease Revenue Bond with an interest rate of 2.49 percent. The proceeds were used to refund 2007 Certificates of Participation. At June 30, 2018, the principal balance outstanding was $7,194,216.

The certificates mature through March 1, 2029, as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 576,134	$ 175,550	$ 751,684
2020	590,570	161,114	751,684
2021	605,367	146,317	751,684
2022	620,535	131,149	751,684
2023	636,084	115,600	751,684
2024-2028	3,427,622	330,799	3,758,421
2029	737,904	13,780	751,684
Total	$ 7,194,216	$ 1,074,309	$ 8,268,525

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2018, amounted to $344,869.

Total Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported total OPEB liability and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	OPEB Expense
District Plan	$ 1,747,184	$ (97,486)

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	14
Active employees	492
	506

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Travis Unified Teachers Association (TUTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TUTA, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District paid $96,537 in benefits.

Total OPEB Liability of the District

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	4.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.62 percent
Healthcare cost trend rates	5.00 percent for 2018

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

The actual assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2015 to June 30, 2018.

Changes in Total OPEB Liability of the District

	Total OPEB Liability
Balance at June 30, 2017	$ 1,649,698
Service cost	136,036
Interest	57,987
Benefit payments	(96,537)
Net change in total OPEB liability	97,486
Balance at June 30, 2018	$ 1,747,184

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.62%)	$ 1,870,332
Current discount rate (3.62%)	1,747,184
1% increase (4.62%)	1,630,681

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.00%)	$ 1,579,193
Current healthcare cost trend rate (5.00%)	1,747,184
1% increase (6.00%)	1,939,941

OPEB Expense

For the year ended June 30, 2018, the District recognized OPEB expense of $97,486.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units
Nonspendable			
Revolving cash	$ 50,000	$ -	$ -
Stores inventories	19,255	-	-
Prepaid expenditures	16,783	-	-
Total Nonspendable	86,038	-	-
Restricted			
Legally restricted programs	2,485,918	-	-
Capital projects	-	2,564,194	5,410,157
Debt services	-	-	-
Total Restricted	2,485,918	2,564,194	5,410,157
Assigned			
Capital projects	-	832,035	-
Other assignments	7,031,388	-	-
Total Assigned	7,031,388	832,035	-
Unassigned			
Economic uncertainties	1,696,153	-	-
Total	$ 11,299,497	$ 3,396,229	$ 5,410,157

Non-Major Governmental Funds	Total
$ -	$ 50,000
34,399	53,654
-	16,783
34,399	120,437
96,514	2,582,432
3,073,022	11,047,373
16,385	16,385
3,185,921	13,646,190
-	832,035
-	7,031,388
-	7,863,423
-	1,696,153
$ 3,220,320	$ 23,326,203

NOTE 11 - RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employee health programs are administered by the General Fund through the purchase of commercial insurance. The District participates in the North Bay Schools Insurance Authority (NBSIA) joint powers agency for the workers' compensation, property and liability, and dental and vision programs. Refer to Note 14 for additional information regarding the JPA.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year for the three prior years.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 41,610,073	$ 11,746,801	$ 3,165,621	$ 3,802,222
CalPERS	17,325,004	6,040,723	203,981	3,439,747
Total	$ 58,935,077	$ 17,787,524	$ 3,369,602	$ 7,241,969

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $3,198,379.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:	
District's proportionate share of net pension liability	$ 41,610,073
State's proportionate share of the net pension liability associated with the District	24,616,167
Total	$ 66,226,240

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, was 0.0450 percent and 0.0449 percent, respectively, resulting in a net increase in the proportionate share of 0.0001 percent.

For the year ended June 30, 2018, the District recognized pension expense of $3,802,222. In addition, the District recognized pension expense and revenue of $2,477,854 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,198,379	$ -
Net change in proportionate share of net pension liability	685,792	1,331,682
Difference between projected and actual earnings on pension plan investments	-	1,108,192
Difference between expected and actual experiences in the measurement of the total pension liability	153,878	725,747
Changes of assumptions	7,708,752	-
Total	$ 11,746,801	$ 3,165,621

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	$ (921,281)
2020	697,138
2021	100,524
2022	(984,573)
Total	$ (1,108,192)

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2019	$ 1,048,687
2020	1,048,687
2021	1,048,687
2022	1,048,687
2023	976,124
Thereafter	1,320,121
Total	$ 6,490,993

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 61,096,797
Current discount rate (7.10%)	41,610,073
1% increase (8.10%)	25,795,275

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk Pool] under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $1,584,308.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $17,325,004. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, was 0.0.726 percent and 0.0705 percent, respectively, resulting in a net increase in the proportionate share of 0.0020 percent.

For the year ended June 30, 2018, the District recognized pension expense of $3,439,747. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,584,308	$ -
Net change in proportionate share of net pension liability	705,817	-
Difference between projected and actual earnings on pension plan investments	599,326	-
Difference between expected and actual experiences in the measurement of the total pension liability	620,683	-
Changes of assumptions	2,530,589	203,981
Total	$ 6,040,723	$ 203,981

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	$ (16,239)
2020	691,493
2021	252,264
2022	(328,192)
Total	$ 599,326

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2019	$ 1,381,849
2020	1,318,783
2021	952,476
Total	$ 3,653,108

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7. 15%
Investment rate of return	7. 15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 25,490,633
Current discount rate (7.15%)	17,325,004
1% increase (8.15%)	10,550,931

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,774,695 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

NOTE 14 - PARTICIPATION IN JOINT POWER AUTHORITY

The District is a member of the North Bay Schools Insurance Authority (NBSIA) joint powers authority (JPA). The District pays an annual premium to the applicable entity for its workers' compensation and property liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2018, the District made a payment of $480,496 to NBSIA for its dental, workers' compensation, and property liability coverage.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Net Position - Beginning	$ 11,985,418
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	(841,736)
Net Position - Beginning as Restated	$ 11,143,682

REQUIRED SUPPLEMENTARY INFORMATION

TRAVIS UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 45,437,658	$ 45,227,920	$ 45,360,333	$ 132,413
Federal sources	4,748,505	5,071,382	5,502,430	431,048
Other State sources	4,020,449	5,255,231	4,878,119	(377,112)
Other local sources	1,364,116	1,852,673	1,940,620	87,947
Total Revenues [1]	55,570,728	57,407,206	57,681,502	274,296
EXPENDITURES				
Current				
Certificated salaries	25,628,469	25,177,227	25,217,450	(40,223)
Classified salaries	9,910,918	9,226,670	9,427,949	(201,279)
Employee benefits	11,321,994	11,114,031	11,144,086	(30,055)
Books and supplies	2,036,913	4,000,254	3,461,917	538,337
Services and operating expenditures	5,943,165	6,874,567	5,421,196	1,453,371
Capital outlay	262,639	353,952	204,948	149,004
Other outgo	(85,000)	(78,000)	946,739	(1,024,739)
Debt service - principal	1,716,734	1,708,129	-	1,708,129
Debt service - interest	-	-	750	(750)
Total Expenditures [1]	56,735,832	58,376,830	55,825,035	2,551,795
Excess (Deficiency) of Revenues Over Expenditures	(1,165,104)	(969,624)	1,856,467	2,826,091
OTHER FINANCING USES				
Transfers out	(220,692)	(227,889)	(770,984)	(543,095)
NET CHANGE IN FUND BALANCE	(1,385,796)	(1,197,513)	1,085,483	2,282,996
Fund Balance - Beginning	10,214,014	10,214,014	10,214,014	-
Fund Balance - Ending	$ 8,828,218	$ 9,016,501	$ 11,299,497	$ 2,282,996

[1] Due to the consolidation of Fund 14, Deferred Maintenance, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20 Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 136,036
Interest	57,987
Benefit payments	(96,537)
Net change in total OPEB liability	97,486
Total OPEB liability - beginning	1,649,698
Total OPEB liability - ending	$ 1,747,184
Covered payroll	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]

[1] The District's OPEB Plan is not administered through a trust, and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
CalSTRS			
District's proportion of the net pension liability	0.0450%	0.0449%	0.0474%
District's proportionate share of the net pension liability	$ 41,610,073	$ 36,319,582	$ 31,929,420
State's proportionate share of the net pension liability associated with the District	24,616,167	20,676,090	16,887,143
Total	$ 66,226,240	$ 56,995,672	$ 48,816,563
District's covered-employee payroll	$ 21,514,436	$ 22,761,463	$ 21,292,128
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	193.41%	159.57%	149.96%
Plan (CalSTRS) fiduciary net position as a percentage of the total pension liability	69%	70%	74%
CalPERS			
District's proportion of the net pension liability	0.0726%	0.0705%	0.0651%
District's proportionate share of the net pension liability	$ 17,325,004	$ 13,930,582	$ 9,589,568
District's covered-employee payroll	$ 8,855,608	$ 7,462,708	$ 7,239,682
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	195.64%	186.67%	132.46%
Plan (CalPERS) fiduciary net position as a percentage of the total pension liability	72%	74%	79%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2015
0.0459%
$ 26,833,207
16,203,049
$ 43,036,256
$ 20,865,993
128.60%
77%
0.0637%
$ 7,229,635
$ 6,675,380
108.30%
83%

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
CalSTRS			
Contractually required contribution	$ 3,198,379	$ 2,706,516	$ 2,442,305
Contributions in relation to the contractually required contribution	3,198,379	2,706,516	2,442,305
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 22,164,789	$ 21,514,436	$ 22,761,463
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%
CalPERS			
Contractually required contribution	$ 1,584,308	$ 1,230,044	$ 884,107
Contributions in relation to the contractually required contribution	1,584,308	1,230,044	884,107
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	10,200,940	8,855,608	7,462,708
Contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2015
$ 1,890,741
1,890,741
$ -
$ 21,292,128
8.88%
$ 852,183
852,183
$ -
$ 7,239,682
11.77%

TRAVIS UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuation.

Changes of Assumptions – There were no changes of assumptions since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions – The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Impact Aid - Maintenance and Operations	84.041	10015	$ 3,161,650
Passed through California Department of Education (CDE):			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	274,539
Title II, Part A - Supporting Effective Instruction Local Grants	84.367	14341	132,153
English Language Acquisition Grants			
Title III - Immigrant Education Program	84.365	15146	3,996
Title III - English Learner Student Program	84.365	14346	29,301
Total English Language Acquisition Grants			33,297
Passed through Solano County Special Education Local Plan Area:			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	773,676
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	31,033
Preschool Local Entitlement, Part B, Section 611 (Age 3-4-5)	84.027A	13682	98,318
Total Special Education Cluster			903,027
Total U.S. Department of Education			4,504,666
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Especially Needy Breakfast	10.553	13526	148,234
National School Lunch Program	10.555	13523	562,588
Food Distribution	10.555	13524	120,383
Total Child Nutrition Cluster			831,205
Total U.S. Department of Agriculture			831,205
U.S. DEPARTMENT OF DEFENSE			
Department of Defense Education Activity Cluster			
DODEA Open Doors	12.556	[1]	437,317
DODEA Project Connect	12.556	[1]	493,321
			930,638
Department of Defense - Public Schools on Military Installations Program	12.000	[1]	10,265,093
Junior Reserve Officer Training Program - Air Force	12.000	[1]	67,126
Total U.S. Department of Defense			11,262,857
Total Federal Programs			$16,598,728

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

ORGANIZATION

The Travis Unified School District (the District) was established January 30, 1962, and consists of an area comprising approximately 46 square miles. The District operates five elementary schools, one middle school, one high school, one alternative education high school, and one community day school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Riitta DeAnda	President	November 2018
Jamilah Whiteside	Vice President	November 2018
John Dickerson	Clerk	November 2018
Ivery Hood	Member	November 2020
Angela Weinzinger	Member	November 2020

ADMINISTRATION

Pamela Conklin	Superintendent
Sonia Lasyone	Chief Business Officer
Sue Brothers	Assistant Superintendent, Educational Services
Clay McAllester	Director, Human Resources
Trudy Barrington	Director, Fiscal Services

See accompanying note to supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	1,540.07	1,535.91
Fourth through sixth	1,131.72	1,129.53
Seventh and eighth	840.47	838.63
Ninth through twelfth	1,745.21	1,734.96
Total Regular ADA	5,257.47	5,239.03
Extended Year Special Education		
Transitional kindergarten through third	1.36	1.36
Fourth through sixth	0.39	0.39
Seventh and eighth	0.10	0.10
Ninth through twelfth	0.63	0.63
Total Extended Year Special Education	2.48	2.48
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.53	1.65
Fourth through sixth	2.21	2.35
Seventh and eighth	0.96	0.96
Ninth through twelfth	2.61	2.65
Total Special Education, Nonpublic, Nonsectarian Schools	7.31	7.61
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.32	0.38
Fourth through sixth	0.28	0.38
Seventh and eighth	0.05	0.13
Ninth through twelfth	0.23	0.36
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.88	1.25
Community Day School		
Ninth through twelfth	6.84	8.01
Total Community Day School	6.84	8.01
Total ADA	5,274.98	5,258.38

See accompanying note to supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	1986-87 Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,000	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,261	180	N/A	Complied
Grade 2		53,261	180	N/A	Complied
Grade 3		53,261	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,071	180	N/A	Complied
Grade 5		56,071	180	N/A	Complied
Grade 6		56,071	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,092	180	N/A	Complied
Grade 8		58,092	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		70,169	180	N/A	Complied
Grade 10		70,169	180	N/A	Complied
Grade 11		70,169	180	N/A	Complied
Grade 12		70,169	180	N/A	Complied

See accompanying note to supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND [3]				
Revenues	$ 59,202,966	$ 57,644,950	$ 55,851,584	$ 54,487,233
Other sources	-	-	15,938	43,505
Total Revenues and Other Sources	59,202,966	57,644,950	55,867,522	54,530,738
Expenditures	58,485,947	56,098,660	54,858,070	51,673,717
Other uses and transfers out	556,678	439,762	1,474,885	2,799,555
Total Expenditures and Other Uses	59,042,625	56,538,422	56,332,955	54,473,272
INCREASE (DECREASE) IN FUND BALANCE	$ 160,341	$ 1,106,528	$ (465,433)	$ 57,466
ENDING FUND BALANCE	$ 8,429,976	$ 8,269,635	$ 7,163,107	$ 7,628,540
AVAILABLE RESERVES [2]	$ 1,769,274	$ 1,696,153	$ 1,689,854	$ 4,610,005
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	3.00%	3.00%	3.00%	8.46%
LONG-TERM OBLIGATIONS [4]	N/A	$ 44,380,585	$ 45,717,411	$ 32,404,885
K-12 AVERAGE DAILY ATTENDANCE AT P-2	5,219	5,275	5,378	5,229

The General Fund balance has increased by $641,095 over the past two years. The fiscal year 2018-2019 budget projects a further increase of $160,341 (1.94 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2018-2019 fiscal year. Total long-term obligations have increased by $11,975,700 over the past two years.

Average daily attendance has increased by 46 over the past two years. Decline of 56 ADA is anticipated during fiscal year 2018-2019.

[1] Budget 2019 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of Fund 14, Deferred Maintenance, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.
[4] Long-term obligations have been restated due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

TRAVIS UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
ASSETS			
Deposits and investments	$ 85,907	$ 2,185,141	$ 718,272
Receivables	27,211	-	-
Due from other funds	53,840	-	-
Stores inventories	34,399	-	-
Total Assets	$ 201,357	$ 2,185,141	$ 718,272
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 36,744	$ -	$ -
Due to other funds	33,700	-	-
Total Liabilities	70,444	-	-
Fund Balances:			
Nonspendable	34,399	-	-
Restricted	96,514	2,185,141	718,272
Total Fund Balances	130,913	2,185,141	718,272
Total Liabilities and Fund Balances	$ 201,357	$ 2,185,141	$ 718,272

See accompanying note to supplementary information.

COP Capital Projects Fund	COP Debt Service Fund	Non-Major Governmental Funds
$ 663,195	$ 16,385	$ 3,668,900
-	-	27,211
-	-	53,840
-	-	34,399
$ 663,195	$ 16,385	$ 3,784,350
$ -	$ -	$ 36,744
493,586	-	527,286
493,586	-	564,030
-	-	34,399
169,609	16,385	3,185,921
169,609	16,385	3,220,320
$ 663,195	$ 16,385	$ 3,784,350

TRAVIS UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
REVENUES			
Federal sources	$ 831,205	$ -	$ -
Other State sources	53,087	-	-
Other local sources	650,281	411,645	8,971
Total Revenues	1,534,573	411,645	8,971
EXPENDITURES			
Current			
Pupil services:			
Food services	1,516,017	-	-
Administration:			
All other administration	72,484	5,000	-
Plant services	-	74,714	-
Facility acquisition and construction	-	446	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	1,588,501	80,160	-
Excess (Deficiency) of Revenues Over Expenditures	(53,928)	331,485	8,971
OTHER FINANCING SOURCES (USES)			
Transfers in	48,070	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	48,070	-	-
NET CHANGE IN FUND BALANCES	(5,858)	331,485	8,971
Fund Balance - Beginning	136,771	1,853,656	709,301
Fund Balance - Ending	$ 130,913	$ 2,185,141	$ 718,272

See accompanying note to supplementary information.

COP Capital Projects Fund	COP Debt Service Fund	Non-Major Governmental Funds
$ -	$ -	$ 831,205
-	-	53,087
29,938	563	1,101,398
29,938	563	1,985,690
-	-	1,516,017
-	-	77,484
-	-	74,714
-	-	446
-	765,000	765,000
-	1,018,135	1,018,135
-	1,783,135	3,451,796
29,938	(1,782,572)	(1,466,106)
-	1,782,751	1,830,821
(3,193,706)	-	(3,193,706)
(3,193,706)	1,782,751	(1,362,885)
(3,163,768)	179	(2,828,991)
3,333,377	16,206	6,049,311
$ 169,609	$ 16,385	$ 3,220,320

TRAVIS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

TRAVIS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

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*

Governing Board
Travis Unified School District
Fairfield, California

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, each major fund, and the aggregate remaining fund information of Travis Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Travis Unified School District's basic financial statements, and have issued our report thereon dated December 17, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Travis Unified School District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Travis Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Travis Unified School District'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 District'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.

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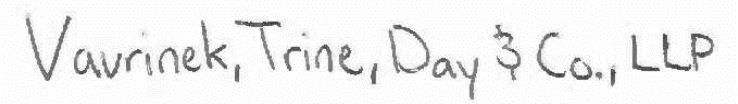
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Travis Unified School District's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
December 17, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Travis Unified School District
Fairfield, California

Report on Compliance for Each Major Federal Program

We have audited Travis Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Travis Unified School District's major Federal programs for the year ended June 30, 2018. Travis Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Travis Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Travis Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Travis Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Travis Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Travis Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Travis Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Travis Unified School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 17, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Travis Unified School District
Fairfield, California

Report on State Compliance

We have audited Travis Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Travis Unified School District's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Travis Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Travis Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Travis Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Travis Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the Travis Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because ADA was below the level required for testing.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

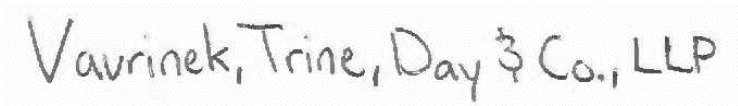
The District does not have a Middle or Early College High School Program; therefore, we did not perform procedures related to the Middle or Early College High School Program.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a Before or After School Education and Safety Program; therefore, we did not perform any procedures related to the Before or After School Education and Safety Program.

The District does not offer an Independent Study – Course Based Program; therefore, we did not perform procedures related to the Independent Study- Course Based Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.



Rancho Cucamonga, California
December 17, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TRAVIS UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.041	Impact Aid - Maintenance and Operations
12.000	Department of Defense - Public Schools on Military Installations Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for programs:	Unmodified

TRAVIS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

TRAVIS UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

TRAVIS UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

TRAVIS UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2017-001 30000

Budget Monitoring/Deficit Spending (Cafeteria Fund)

Criteria or Specific Requirements

Industry standards and best business practices related to accounting and internal control require that an entity adopt, implement, and monitor procedures that will allow for timely and accurate reporting of financial information to management and those charged with governance.

Condition

The Cafeteria Fund has incurred operating deficits in each of the past four years in the amounts of $37,919, $36,953, $71,519, and $28,701 for the fiscal years ending June 30, 2017, 2016, 2015, and 2014, respectively. The practice of deficit spending has lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

Questioned Costs

There were no questioned costs associated with the condition found.

Context

The condition identified was determined through review and testing related to the District's Cafeteria Fund.

Effect

The financial statement impact of this situation is that the Cafeteria Fund is currently operating at a deficit and, in the current year, the Cafeteria Fund has encroached on the General Fund in the amount of $46,128 needed for cash flow purposes. If the Cafeteria Fund continues the current trend of deficit spending through operations, the 2017-2018 fiscal year encroachment is estimated in excess of $40,000.

Recommendation

The District must continue to evaluate its Cafeteria operations to decrease the deficit in future years so that the fund will no longer continue to encroach on the General Fund of the District.

TRAVIS UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Current Status

Implemented.

Governing Board
Travis Unified School District
Fairfield, California

In planning and performing our audit of the financial statements of the Travis Unified School District (the District) for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 17, 2018, on the government-wide financial statements of the District.

2016-2017 Observations and Recommendations

Travis Elementary School

ASB – Preapproval for Disbursement

Observation

During the audit of ASB internal controls at the site, the auditor noted that there was not a preapproval process for disbursements.

Recommendation

According to the Associated Study Body, Accounting Manual, Fraud Prevention Guide and Desk Reference, "The Education Code states that all ASB expenditures must be preapproved. For unorganized ASB's, this preapproval is given by the employee over the funds," which would be the principal for this site. The ASB is not obligated to pay for expenditures if preapproval is not obtained.

Current Status

Implemented.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

ASB – Revenue Potential

Observation

Revenue potential forms are not being completely filled to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential form also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due, and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income - This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits - This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis - This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap - This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Current Status

Implemented.

ASB – Disbursements

Observation

During our audit of ASB internal controls, our auditor noted that the checks for disbursement of ASB funds are only being signed by the principal.

Recommendation

According to the Associated Study Body, Accounting Manual, Fraud Prevention Guide and Desk Reference, "Principal/school administrator should designate an alternate/second person to approve disbursement of ASB funds". In addition, a third authorized check signer is recommended in case the first two are unavailable. Another reason for multiple authorized signatories is to prevent a situation in which an individual (e.g., the principal/school administrator) approves a reimbursement to themselves and is the signatory on the check.

Current Status

Implemented.

We will review the status of the current year comments during our next audit engagement.



Rancho Cucamonga, California
December 17, 2018