

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2018

San Diego

Los Angeles

San Francisco  
Bay Area

christywhite  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
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**JUNE 30, 2018**

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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Tamalpais Union High School District  
Larkspur, 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 Tamalpais Union High School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Tamalpais Union High School 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. 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.

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

### ***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 Tamalpais Union High 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***

As discussed in Notes 1 and 10 to the financial statements, in 2018 Tamalpais Union High School District adopted new accounting guidance, Governmental Accounting Standards Board 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tamalpais Union High School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

*Supplementary Information, continued*

The supplementary information listed in the table of contents 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 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 12, 2018 on our consideration of Tamalpais Union High 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 Tamalpais Union High 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 Tamalpais Union High School District's internal control over financial reporting and compliance.



San Diego, California  
December 12, 2018

# TAMALPAIS UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

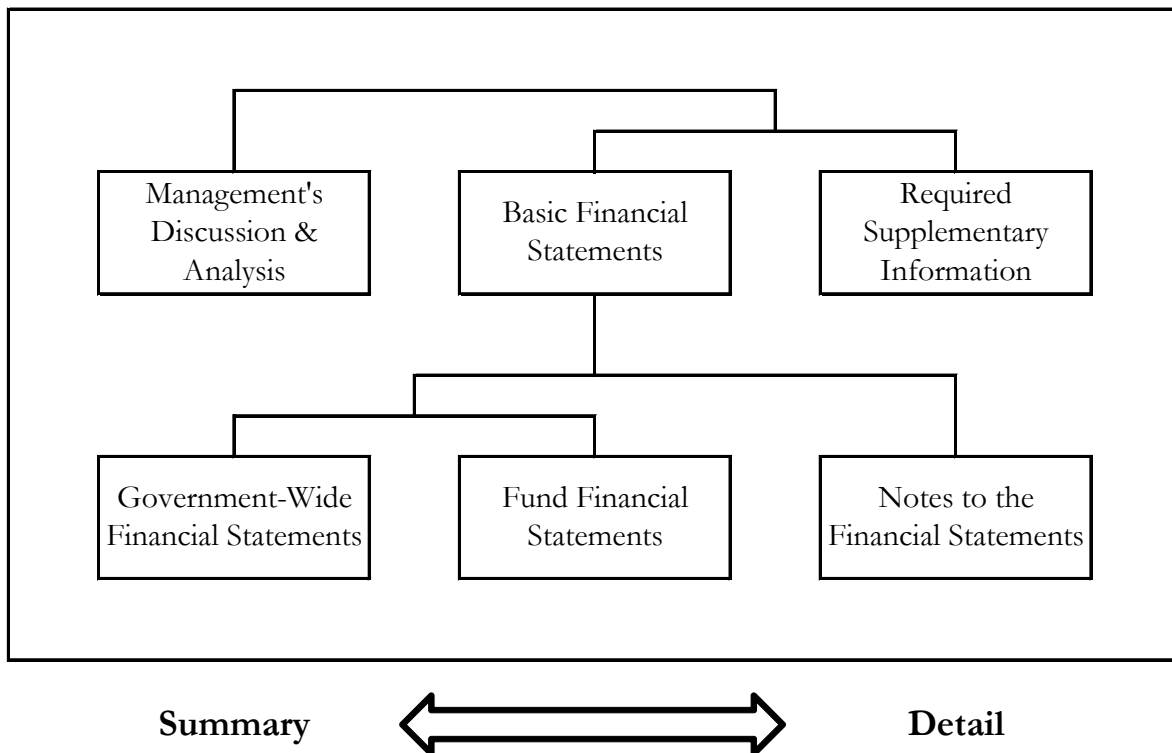
Our discussion and analysis of Tamalpais Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total net position was \$(861,761) at June 30, 2018. This was a decrease of \$4,267,015 from the prior year after restatement.
- Overall revenues were \$96,520,545 which were exceeded by expenses of \$100,787,560.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financials Section





**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity’s overall financial position.
- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.
  - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
  - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position is one way to measure the District’s financial health. Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District’s basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$(861,761) at June 30, 2018, as reflected in the table below. Of this amount, \$(39,554,848) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 38,537,875	\$ 45,780,166	\$ (7,242,291)
Capital assets	146,360,624	152,001,545	(5,640,921)
<b>Total Assets</b>	<b>184,898,499</b>	<b>197,781,711</b>	<b>(12,883,212)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	35,581,598	25,131,408	10,450,190
<b>LIABILITIES</b>			
Current liabilities	15,760,016	15,949,860	(189,844)
Long-term liabilities	200,104,888	195,001,484	5,103,404
<b>Total Liabilities</b>	<b>215,864,904</b>	<b>210,951,344</b>	<b>4,913,560</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	5,476,954	4,750,185	726,769
<b>NET POSITION</b>			
Net investment in capital assets	27,078,109	24,484,893	2,593,216
Restricted	11,614,978	12,847,604	(1,232,626)
Unrestricted	(39,554,848)	(30,120,907)	(9,433,941)
<b>Total Net Position</b>	<b>\$ (861,761)</b>	<b>\$ 7,211,590</b>	<b>\$ (8,073,351)</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 1,163,951	\$ 1,446,934	\$ (282,983)
Operating grants and contributions	8,287,762	10,233,315	(1,945,553)
General revenues			
Property taxes	82,098,968	79,019,482	3,079,486
Unrestricted federal and state aid	3,255,029	3,490,992	(235,963)
Other	1,714,835	4,037,879	(2,323,044)
<b>Total Revenues</b>	<b>96,520,545</b>	<b>98,228,602</b>	<b>(1,708,057)</b>
<b>EXPENSES</b>			
Instruction	49,673,966	49,651,920	22,046
Instruction-related services	7,625,348	8,055,327	(429,979)
Pupil services	10,424,964	9,413,749	1,011,215
General administration	6,429,226	5,226,908	1,202,318
Plant services	8,594,814	8,648,898	(54,084)
Ancillary and community services	3,827,256	4,053,869	(226,613)
Debt service	4,652,782	4,327,504	325,278
Other outgo	1,945,316	1,817,513	127,803
Depreciation	7,613,888	7,533,507	80,381
<b>Total Expenses</b>	<b>100,787,560</b>	<b>98,729,195</b>	<b>2,058,365</b>
<b>Change in net position</b>	<b>(4,267,015)</b>	<b>(500,593)</b>	<b>(3,766,422)</b>
<b>Net Position - Beginning, as Restated*</b>	<b>3,405,254</b>	<b>7,712,183</b>	<b>(4,306,929)</b>
<b>Net Position - Ending</b>	<b>\$ (861,761)</b>	<b>\$ 7,211,590</b>	<b>\$ (8,073,351)</b>

*\* Beginning Net Position was restated for the 2018 year only*

The cost of all our governmental activities this year was \$100,787,560 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$82,098,968; the remaining cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

In the table below, we have presented the net cost of each of the District’s functions. 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.

	<b>Net Cost of Services</b>	
	<b>2018</b>	<b>2017</b>
Instruction	\$ 44,812,089	\$ 42,872,286
Instruction-related services	7,145,901	7,399,509
Pupil services	8,544,016	7,424,765
General administration	6,095,830	4,898,305
Plant services	8,373,749	8,621,333
Ancillary and community services	3,064,697	3,094,389
Debt service	4,652,782	4,327,504
Other outgo	1,032,895	877,348
Depreciation	7,613,888	7,533,507
<b>Total Expenses</b>	<b>\$ 91,335,847</b>	<b>\$ 87,048,946</b>

**FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$33,425,050, which is less than last year’s ending fund balance of \$39,721,971. The District’s General Fund had \$4,053,657 less in operating revenues than expenditures for the year ended June 30, 2018. The District’s Bond Interest & Redemption Fund had \$144,518 less in operating revenues than expenditures for the year ended June 30, 2018.

**CURRENT YEAR BUDGET 2017-2018**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2017-2018 the District had invested \$146,360,624 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 3,818,545	\$ 3,818,545	\$ -
Construction in progress	604,739	814,555	(209,816)
Land improvements	80,027,469	79,281,470	745,999
Buildings & improvements	166,096,645	164,768,493	1,328,152
Furniture & equipment	2,288,512	3,227,577	(939,065)
Accumulated depreciation	(106,475,286)	(99,909,095)	(6,566,191)
<b>Total Capital Assets</b>	<b>\$146,360,624</b>	<b>\$152,001,545</b>	<b>\$ (5,640,921)</b>

**Long-Term Debt**

At year-end, the District had \$200,104,888 in long-term debt, an increase of 2.61% from last year – as shown in the table below. Net OPEB liability for 2017 was restated in order to record the District's net OPEB liability in accordance with GASB Statement No. 75 which supersedes GASB Statement No. 45 for the year ended June 30, 2018. Additional detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$124,158,188	\$132,787,607	\$ (8,629,419)
Compensated absences	219,945	208,565	11,380
Solar equipment lease	2,037,277	2,227,327	(190,050)
Net OPEB liability	2,999,085	-	2,999,085
Net pension liability	79,802,959	68,606,642	11,196,317
Less: current portion of long-term debt	(9,112,566)	(8,828,657)	(283,909)
<b>Total Long-term Liabilities</b>	<b>\$200,104,888</b>	<b>\$195,001,484</b>	<b>\$ 5,103,404</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The State's economy continues to be strong but a new governor could change the fiscal policy for the funding of public education, within the boundaries of Proposition 98. Past fiscal allocations had included higher than expected funding but on-going funding may not be as strong. The UCLA Anderson Forecast (June 2018) noted that the "era of ultra-low interest rates has passed and the economy is at full employment," which creates difficulty sustaining continued growth at the rate recently experienced. And, according to the California Legislative Analyst's Office, there are concerns about a possible mild recession.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The 2018-19 adopted State Budget fully funded the LCFF funding gap two years ahead of schedule.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

Additionally, enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2018. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

All of these factors were considered in preparing the District's budget for the 2018-19 fiscal year. However, since the District is Basic Aid funded, the factors relating to the Local Control Funding Formula have minimal effect. More importantly, the District expects property taxes to increase by approximately 5% for 2018-19.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Corbett Elsen, Chief Financial Officer at Tamalpais Union School District, PO Box 605, Larkspur, CA 94977, or email at [celsen@tamdistrict.org](mailto:celsen@tamdistrict.org).

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 36,277,766
Accounts receivable	1,732,096
Inventory	17,396
Prepaid expenses	10,617
Housing loan	500,000
Capital assets, not depreciated	4,423,284
Capital assets, net of accumulated depreciation	141,937,340
<b>Total Assets</b>	<b>184,898,499</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	28,093,940
Deferred outflows related to OPEB	574,708
Deferred amount on refunding	6,912,950
<b>Total Deferred Outflows of Resources</b>	<b>35,581,598</b>
<b>LIABILITIES</b>	
Accrued liabilities	6,625,023
Unearned revenue	22,427
Long-term liabilities, current portion	9,112,566
Long-term liabilities, non-current portion	200,104,888
<b>Total Liabilities</b>	<b>215,864,904</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	5,365,287
Deferred inflows related to OPEB	111,667
<b>Total Deferred Inflows of Resources</b>	<b>5,476,954</b>
<b>NET POSITION</b>	
Net investment in capital assets	27,078,109
Restricted:	
Capital projects	2,634,241
Debt service	6,350,755
Educational programs	2,629,267
All others	715
Unrestricted	(39,554,848)
<b>Total Net Position</b>	<b>\$ (861,761)</b>

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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

				Net (Expenses)
				Revenues and
				Changes in
				Net Position
Function/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 49,673,966	\$ 160,075	\$ 4,701,802	\$ (44,812,089)
Instruction-related services				
Instructional supervision and administration	1,628,669	4	15,235	(1,613,430)
Instructional library, media, and technology	1,630,956	-	9,158	(1,621,798)
School site administration	4,365,723	618	454,432	(3,910,673)
Pupil services				
Home-to-school transportation	294,995	-	44,935	(250,060)
Food services	1,312,793	704,445	175,950	(432,398)
All other pupil services	8,817,176	669	954,949	(7,861,558)
General administration				
Centralized data processing	2,758,193	-	-	(2,758,193)
All other general administration	3,671,033	41,906	291,490	(3,337,637)
Plant services	8,594,814	-	221,065	(8,373,749)
Ancillary services	2,654,804	36,658	221,540	(2,396,606)
Community services	1,172,452	78,520	425,841	(668,091)
Interest on long-term debt	4,652,782	-	-	(4,652,782)
Other outgo	1,945,316	141,056	771,365	(1,032,895)
Depreciation (unallocated)	7,613,888	-	-	(7,613,888)
<b>Total Governmental Activities</b>	<b>\$ 100,787,560</b>	<b>\$ 1,163,951</b>	<b>\$ 8,287,762</b>	<b>(91,335,847)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				59,618,242
Property taxes, levied for debt service				12,584,496
Property taxes, levied for other specific purposes				9,896,230
Federal and state aid not restricted for specific purposes				3,255,029
Interest and investment earnings				290,442
Interagency revenues				26,917
Miscellaneous				1,397,476
<b>Subtotal, General Revenue</b>				<b>87,068,832</b>
<b>CHANGE IN NET POSITION</b>				<b>(4,267,015)</b>
<b>Net Position - Beginning, as Restated</b>				<b>3,405,254</b>
<b>Net Position - Ending</b>				<b>\$ (861,761)</b>

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



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2018**

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	<b>General Fund</b>	<b>Bond Interest &amp; Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 22,304,159	\$ 8,453,130	\$ 5,452,361	\$ 36,209,650
Accounts receivable	1,637,743	-	93,319	1,731,062
Due from other funds	286,085	-	2,198,769	2,484,854
Stores inventory	-	-	17,396	17,396
Prepaid expenditures	10,617	-	-	10,617
<b>Total Assets</b>	<b>\$ 24,238,604</b>	<b>\$ 8,453,130</b>	<b>\$ 7,761,845</b>	<b>\$ 40,453,579</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 3,808,938	\$ -	\$ 712,310	\$ 4,521,248
Due to other funds	840,140	-	1,644,714	2,484,854
Unearned revenue	15,982	-	6,445	22,427
<b>Total Liabilities</b>	<b>4,665,060</b>	<b>-</b>	<b>2,363,469</b>	<b>7,028,529</b>
<b>FUND BALANCES</b>				
Nonspendable	22,617	-	17,796	40,413
Restricted	2,150,098	8,453,130	3,501,105	14,104,333
Committed	-	-	1,879,475	1,879,475
Assigned	3,583,076	-	-	3,583,076
Unassigned	13,817,753	-	-	13,817,753
<b>Total Fund Balances</b>	<b>19,573,544</b>	<b>8,453,130</b>	<b>5,398,376</b>	<b>33,425,050</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,238,604</b>	<b>\$ 8,453,130</b>	<b>\$ 7,761,845</b>	<b>\$ 40,453,579</b>

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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2018**

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**Total Fund Balance - Governmental Funds** \$ 33,425,050

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 252,835,910	
Accumulated depreciation	<u>(106,475,286)</u>	146,360,624

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

6,912,950

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(2,102,375)

Housing loan:

The housing loan is reported as a non-current asset on the government-wide statements, but is not included in the governmental funds balance sheet as it is not expected to be received in the current period.

500,000

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 124,158,188	
Compensated absences	219,945	
Solar equipment lease	2,037,277	
Net OPEB liability	2,999,085	
Net pension liability	<u>79,802,959</u>	(209,217,454)

*(Continued on the following page)*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION, continued**  
**JUNE 30, 2018**

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Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$	28,093,940	
Deferred inflows of resources related to pensions		<u>(5,365,287)</u>	22,728,653

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$	574,708	
Deferred inflows of resources related to OPEB		<u>(111,667)</u>	463,041

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

67,750

**Total Net Position - Governmental Activities**

\$ (861,761)

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 60,885,566	\$ -	\$ 357,000	\$ 61,242,566
Federal sources	901,252	-	277,195	1,178,447
Other state sources	5,391,339	48,441	655,270	6,095,050
Other local sources	15,517,917	12,583,641	1,830,468	29,932,026
<b>Total Revenues</b>	<b>82,696,074</b>	<b>12,632,082</b>	<b>3,119,933</b>	<b>98,448,089</b>
<b>EXPENDITURES</b>				
Current				
Instruction	50,599,681	-	282,674	50,882,355
Instruction-related services				
Instructional supervision and administration	1,630,325	-	-	1,630,325
Instructional library, media, and technology	1,628,631	-	-	1,628,631
School site administration	3,969,205	-	416,593	4,385,798
Pupil services				
Home-to-school transportation	294,995	-	-	294,995
Food services	1,162	-	1,300,988	1,302,150
All other pupil services	8,944,940	-	-	8,944,940
General administration				
Centralized data processing	2,845,905	-	-	2,845,905
All other general administration	3,494,677	-	145,871	3,640,548
Plant services	8,104,131	-	409,534	8,513,665
Facilities acquisition and maintenance	98,880	-	1,765,355	1,864,235
Ancillary services	2,683,545	-	-	2,683,545
Community services	264,436	-	897,664	1,162,100
Transfers to other agencies	1,945,316	-	-	1,945,316
Debt service				
Principal	190,050	7,410,000	-	7,600,050
Interest and other	53,852	5,366,600	-	5,420,452
<b>Total Expenditures</b>	<b>86,749,731</b>	<b>12,776,600</b>	<b>5,218,679</b>	<b>104,745,010</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(4,053,657)</b>	<b>(144,518)</b>	<b>(2,098,746)</b>	<b>(6,296,921)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	1,665,494	1,665,494
Transfers out	(1,315,494)	-	(350,000)	(1,665,494)
<b>Net Financing Sources (Uses)</b>	<b>(1,315,494)</b>	<b>-</b>	<b>1,315,494</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,369,151)</b>	<b>(144,518)</b>	<b>(783,252)</b>	<b>(6,296,921)</b>
<b>Fund Balance - Beginning</b>	<b>24,942,695</b>	<b>8,597,648</b>	<b>6,181,628</b>	<b>39,721,971</b>
<b>Fund Balance - Ending</b>	<b>\$ 19,573,544</b>	<b>\$ 8,453,130</b>	<b>\$ 5,398,376</b>	<b>\$ 33,425,050</b>

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

**TAMALPAIS UNION HIGH 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**

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**Net Change in Fund Balances - Governmental Funds** \$ (6,296,921)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

**Capital outlay:**

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 2,033,217	
Depreciation expense:	<u>(7,613,888)</u>	(5,580,671)

**Debt service:**

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

7,600,050

**Deferred amounts on refunding:**

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(585,332)

**Gain or loss from the disposal of capital assets:**

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(60,250)

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

133,583

**Compensated absences:**

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(11,380)

**Postemployment benefits other than pensions (OPEB):**

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

665,813

*(Continued on following page)*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

(1,350,605)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

1,219,419

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

(721)

**Change in Net Position of Governmental Activities**

**\$ (4,267,015)**

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 68,116
Accounts receivable	1,034
<b>Total Assets</b>	<b>69,150</b>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	1,400
<b>Total Liabilities</b>	<b>1,400</b>
<b>NET POSITION</b>	
Restricted	67,750
<b>Total Net Position</b>	<b>\$ 67,750</b>

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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUE</b>	
Other local revenues	\$ 4,930
<b>Total operating revenues</b>	<u>4,930</u>
<b>OPERATING EXPENSE</b>	
Supplies and materials	2,363
Professional services	3,941
<b>Total operating expenses</b>	<u>6,304</u>
<b>Operating income/(loss)</b>	<u>(1,374)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	653
<b>Total non-operating revenues/(expenses)</b>	<u>653</u>
<b>CHANGE IN NET POSITION</b>	(721)
<b>Net Position - Beginning</b>	68,471
<b>Net Position - Ending</b>	<u>\$ 67,750</u>

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



**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 3,896
Cash payments for payroll, insurance, and operating costs	(6,904)
Net cash provided by (used for) operating activities	(3,008)
<b>Cash flows from investing activities</b>	
Interest received	653
Net cash provided by (used for) investing activities	653
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,355)
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	70,471
End of year	\$ 68,116
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ (1,374)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,034)
Increase (decrease) in accounts payable	(600)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (3,008)</b>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2018

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	Agency Fund
	Student Body
	Fund
<b>ASSETS</b>	
Cash and investments	\$ 275,960
<b>Total Assets</b>	<b>\$ 275,960</b>
<b>LIABILITIES</b>	
Due to student groups	\$ 275,960
<b>Total Liabilities</b>	<b>\$ 275,960</b>

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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Tamalpais Union High School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. 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. The District has no such component units.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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

C. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for 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 of 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.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Adult Education Fund:** This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be 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*).

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

**Foundation Special Revenue Fund:** This fund is used to account for resources received from gifts or bequests pursuant to *Education Code Section 41031* under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

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

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

Proprietary Funds

**Internal Service Funds:** Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

**Self-Insurance Fund:** Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. 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.

**Student Body Fund:** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. **Basis of Accounting – Measurement Focus**

**Government-Wide, Proprietary, and Fiduciary Financial Statements**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. 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. The net position should be reported as restricted when constraints placed on its use 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 results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school 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 school districts as collectible within one year.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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

**D. Basis of Accounting – Measurement Focus (continued)**

**Revenues – Exchange and Non-Exchange Transactions, continued**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the 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 that have not met eligibility requirements 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 a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.



TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

**Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

**Inventories**

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20-50 years
Furniture and Equipment	2-15 years
Vehicles	7 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund 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 funds.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 – June 30, 2017

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

**Premiums and Discounts**

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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

**F. Interfund Activity**

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 and after non-operating revenues/expenses in proprietary 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 columns of the statement of activities.

**G. 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.

**H. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

**I. 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 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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

J. New Accounting Pronouncements

**GASB Statement No. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. . The District has implemented GASB Statement No. 75 for the year ended June 30, 2018.

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 85** – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective 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]). The statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 85 for the year ended June 30, 2018.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

**GASB Statement No. 88** – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective 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. The statement is effective for periods beginning after June 15, 2018. The District has not determined the impact on the financial statements.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	Governmental	Internal Service	Total	
	Funds	Funds	Governmental Activities	Fiduciary Funds
Investment in county treasury	\$ 35,551,169	\$ 68,116	\$ 35,619,285	\$ -
Cash on hand and in banks	646,081	-	646,081	275,960
Cash in revolving fund	12,400	-	12,400	-
<b>Total cash and investments</b>	<b>\$ 36,209,650</b>	<b>\$ 68,116</b>	<b>\$ 36,277,766</b>	<b>\$ 275,960</b>

**B. 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; collateralized mortgage obligations; and the County Investment Pool.

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Marin County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**D. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$35,657,607 and an amortized book value of \$35,619,285. The average weighted maturity for this pool is 211 days.

**E. 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. The investments in the County Treasury are not required to be rated. As of June 30, 2018, the pooled investments in the County Treasury were not rated.

**F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**G. Fair Value**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 Marin 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 at June 30, 2018 were as follows:

	<u><b>Uncategorized</b></u>
Investment in county treasury	<u>\$ 35,657,607</u>
<b>Total fair market value of investments</b>	<u><b>\$ 35,657,607</b></u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total Governmental Activities</b>
Federal Government				
Categorical aid	\$ 97,061	\$ 26,448	\$ -	\$ 123,509
State Government				
Categorical aid	1,037,003	-	-	1,037,003
Lottery	97,373	-	-	97,373
Local Government				
Other local sources	406,306	66,871	1,034	474,211
<b>Total</b>	<b>\$ 1,637,743</b>	<b>\$ 93,319</b>	<b>\$ 1,034</b>	<b>\$ 1,732,096</b>

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance July 01, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2018</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,818,545	\$ -	\$ -	\$ 3,818,545
Construction in progress	814,555	626,176	835,992	604,739
Total Capital Assets not Being Depreciated	4,633,100	626,176	835,992	4,423,284
Capital assets being depreciated				
Land improvements	79,281,470	745,999	-	80,027,469
Buildings & improvements	164,768,493	1,328,152	-	166,096,645
Furniture & equipment	3,227,577	168,882	1,107,947	2,288,512
Total Capital Assets Being Depreciated	247,277,540	2,243,033	1,107,947	248,412,626
Less Accumulated Depreciation				
Land improvements	29,732,510	2,693,253	-	32,425,763
Buildings & improvements	67,699,741	4,772,456	-	72,472,197
Furniture & equipment	2,476,844	148,179	1,047,697	1,577,326
Total Accumulated Depreciation	99,909,095	7,613,888	1,047,697	106,475,286
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 152,001,545</b>	<b>\$ (4,744,679)</b>	<b>\$ 896,242</b>	<b>\$ 146,360,624</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables/Payables (Due From/Due To)**

Individual interfund receivable and payable balances at June 30, 2018 were as follows:

		Due From Other Funds		
		General Fund	Non-Major Governmental Funds	Total
General Fund	Due To Other Funds	\$ -	\$ 840,140	\$ 840,140
Non-Major Governmental Funds		286,085	1,358,629	1,644,714
<b>Total Due From Other Funds</b>		<b>\$ 286,085</b>	<b>\$ 2,198,769</b>	<b>\$ 2,484,854</b>

General Fund due to the Adult Education Fund for expenditures.	\$ 303,140
General Fund due to the Deferred Maintenance Fund for LCFF transfer.	537,000
Adult Education Fund due to the General Fund for indirect costs, supplies and postage.	92,020
Cafeteria Fund due to the General Fund for indirect costs.	194,035
Deferred Maintenance Fund due to the General Fund for use tax.	30
Special Reserve Fund for Capital Outlay due to the Capital Facilities Fund for growth related expenditures.	858,629
Capital Facilities Fund due to the Special Reserve Fund for Capital Outlay for growth related expenditures.	500,000
<b>Total</b>	<b>\$ 2,484,854</b>

**B. Operating Transfers**

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

		Interfund Transfers In		
		General Fund	Non-Major Governmental Funds	Total
General Fund	Interfund Transfers Out	\$ -	\$ 1,315,494	\$ 1,315,494
Non-Major Governmental Funds		-	350,000	350,000
<b>Total Interfund Transfers</b>		<b>\$ -</b>	<b>\$ 1,315,494</b>	<b>\$ 1,665,494</b>

Transfer from the General Fund to the Adult Education Fund for program support.	\$ 450,193
Transfer from the General Fund to the Cafeteria Fund for program support.	415,301
Transfer from the General Fund to the Deferred Maintenance Fund for growth related expenditures.	180,000
Transfer from the General Fund to the Special Reserve for Capital Outlay Projects Fund for growth related expenditures.	270,000
Transfer from the Special Reserve for Capital Outlay Projects to the Capital Facilities Fund for growth related expenditures.	350,000
<b>Total</b>	<b>\$ 1,665,494</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2018 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>District-Wide</b>	<b>Total Governmental Activities</b>
Payroll	\$ 940,356	\$ 100,538	\$ -	\$ -	\$ 1,040,894
Construction	-	174,100	-	-	174,100
Vendors payable	2,246,726	434,056	1,400	-	2,682,182
Unmatured interest	-	-	-	2,102,375	2,102,375
Other liabilities	621,856	3,616	-	-	625,472
<b>Total</b>	<b>\$ 3,808,938</b>	<b>\$ 712,310</b>	<b>\$ 1,400</b>	<b>\$ 2,102,375</b>	<b>\$ 6,625,023</b>

**NOTE 7 – UNEARNED REVENUE**

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

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal sources	\$ 15,982	\$ 6,445	\$ 22,427
<b>Total</b>	<b>\$ 15,982</b>	<b>\$ 6,445</b>	<b>\$ 22,427</b>

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2018 consisted of the following:

	<b>Restated Balance July 01, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 117,095,000	\$ -	\$ 7,410,000	\$ 109,685,000	\$ 7,690,000
Unamortized premium	15,692,607	-	1,219,419	14,473,188	1,219,419
Total general obligation bonds	132,787,607	-	8,629,419	124,158,188	8,909,419
Compensated absences	208,565	11,380	-	219,945	-
Solar equipment lease	2,227,327	-	190,050	2,037,277	203,147
Net OPEB liability	3,201,857	-	202,772	2,999,085	-
Net pension liability	68,606,642	11,196,317	-	79,802,959	-
<b>Total</b>	<b>\$ 207,031,998</b>	<b>\$ 11,207,697</b>	<b>\$ 9,022,241</b>	<b>\$ 209,217,454</b>	<b>\$ 9,112,566</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for solar equipment lease are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 8 – LONG-TERM DEBT (continued)**

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2018 amounted to \$219,945. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. Solar Equipment Lease**

On October 16, 2015, the District approved a solar equipment lease, authorizing approval of the execution and delivery of an equipment/lease purchase agreement amounting to \$2,489,977 payable in annual installments from through 2024. The annual requirements for future lease payments were outstanding at June 30, 2018 were as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 203,147	\$ 49,080	\$ 252,227
2020	216,900	43,981	260,881
2021	231,131	38,538	269,669
2022	462,033	32,648	494,681
2023	462,033	32,648	494,681
2024	462,033	32,648	494,681
<b>Total</b>	<b>\$ 2,037,277</b>	<b>\$ 229,543</b>	<b>\$ 2,266,820</b>

**C. General Obligation Bonds**

**Election of 2001**

In the November 2001 election, the citizens of the District approved the issuance and sale of not more than \$121,000,000 of general obligation bonds to finance the construction, improvement, equipping and furnishing of various capital facilities of the District.

**Election of 2006**

In the June 6, 2006 election, the citizens of the District approved the issuance and sale of not more than \$79,900,000 of general obligation bonds to finance the construction, improvement, equipping and furnishing of various capital facilities of the District.

A summary of outstanding general obligation bonds issued is presented below:

<b>Series</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Bonds</b>			<b>Bonds</b>	
					<b>Outstanding July 01, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Outstanding June 30, 2018</b>	
2010R	6/24/2010	8/1/2027	0.50%-5.00%	\$ 48,210,000	\$ 34,240,000	\$ -	\$ 2,805,000	\$ 31,435,000	
2011R	12/29/2011	8/1/2028	2.00%-5.00%	36,460,000	28,840,000	-	2,035,000	26,805,000	
2014R	11/25/2014	8/1/2031	1.00%-5.00%	55,120,000	54,015,000	-	2,570,000	51,445,000	
					<b>\$ 117,095,000</b>	<b>\$ -</b>	<b>\$ 7,410,000</b>	<b>\$ 109,685,000</b>	

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 8 – LONG-TERM DEBT (continued)**

**C. General Obligation Bonds (continued)**

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2018 are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 7,690,000	\$ 5,045,700	\$ 12,735,700
2020	7,960,000	4,731,250	12,691,250
2021	6,715,000	4,342,600	11,057,600
2022	7,365,000	3,961,725	11,326,725
2023	8,880,000	3,595,650	12,475,650
2024 - 2028	49,655,000	10,982,875	60,637,875
2029 - 2032	21,420,000	1,600,675	23,020,675
Total	<u>\$ 109,685,000</u>	<u>\$ 34,260,475</u>	<u>\$ 143,945,475</u>

Debt service payments are made from property tax levy authorized by the voters.

**D. Other Postemployment Benefits**

The District's restated beginning net OPEB liability was \$3,201,857 and decreased by \$202,772 during the year ended June 30, 2018. The ending net OPEB liability at June 30, 2018 was \$2,999,085. See Note 10 for additional information regarding the net OPEB liability.

**E. Net Pension Liability**

The District's beginning net pension liability was \$68,606,642 and increased by \$11,196,317 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was \$79,802,959. See Note 11 for additional information regarding the net pension liability.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2018:

	<b>General Fund</b>	<b>Bond Interest &amp; Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable				
Revolving cash	\$ 12,000	\$ -	\$ 400	\$ 12,400
Stores inventory	-	-	17,396	17,396
Prepaid expenditures	10,617	-	-	10,617
Total non-spendable	22,617	-	17,796	40,413
Restricted				
Educational programs	2,150,098	-	866,149	3,016,247
Capital projects	-	-	2,634,241	2,634,241
Debt service	-	8,453,130	-	8,453,130
All others	-	-	715	715
Total restricted	2,150,098	8,453,130	3,501,105	14,104,333
Committed				
Deferred maintenance	-	-	1,879,475	1,879,475
Total committed	-	-	1,879,475	1,879,475
Assigned				
Other assignments	3,583,076	-	-	3,583,076
Total assigned	3,583,076	-	-	3,583,076
Unassigned				
Reserve for economic uncertainties	2,632,000	-	-	2,632,000
Remaining unassigned	11,185,753	-	-	11,185,753
Total unassigned	13,817,753	-	-	13,817,753
<b>Total</b>	<b>\$ 19,573,544</b>	<b>\$ 8,453,130</b>	<b>\$ 5,398,376</b>	<b>\$ 33,425,050</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The Tamalpais Union High School District's defined benefit OPEB plan, Tamalpais Union High School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the district. The District provides medical, dental and vision benefits to retirees and their covered eligible dependents. The District pays a portion of the medical costs for eligible retirees only. Retirees must pay the entire cost for dental, vision, and dependent medical benefits. All active employees who retire directly from the District and meet the eligibility criteria may participate.

**B. OPEB Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately-issued Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

**C. Benefits Provided**

The eligibility requirements and benefits provided by the Plan are described as follows:

**Classified employees** who have attained age 50 and completed 15 years of District service by June 30, 2016 are eligible to retire and receive District-paid health benefits after attaining age 55 and completing at least 10 years of District service. Classified employees who do not meet those requirements are eligible to retire and receive District-paid health benefits after attaining age 60 and completing at least 10 years of District service. The District pays 100% of the medical, dental and vision premiums for an eligible retiree and dependents until age 65, subject to an annual cap of the composite rates for Kaiser HMO, dental and vision coverages. The retiree may purchase coverage in excess of the cap by self-paying the extra premium. Retired employees with full-time equivalency (FTE) of at least 50% but less than 60% may receive 50% of the cap, and those with an FTE of at least 60% but less than 72.5% may receive 75% of the cap. Retired employees with FTE less than 50% are not eligible.

**Certificated employees** retiring after the 2011-12 school year who have attained age 60 and completed 10 years of District service (5 years if hired prior to January 18, 2000), and who have met the eligibility requirements to retire under CalPERS or CalSTRS, as applicable, are eligible to retire and receive District-paid health benefits. The District pays 100% of the medical, dental and vision premiums for an eligible retiree and dependents until age 65, subject to an annual cap of the composite rates for Kaiser HMO, dental and vision coverages. The retiree may purchase coverage in excess of the cap by self-paying the extra premium. Retired employees with full-time equivalency (FTE) of at least 60% may receive 100% of the cap. Those with an FTE of less than 60% are subject to a pro-rated cap.

**D. Contributions**

The contribution requirements of Plan members and the Tamalpais Union High School District are established and may be amended by the Tamalpais Union High School District and the Teachers' Association and the local California Service Employees Association. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The CERBT is included in the CalPERS CAFR. Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2018

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NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	34
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	446
<b>Total number of participants**</b>	<u>480</u>

\*Information not provided

\*\*As of the June 30, 2017 valuation date

F. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2018, were as follows:

Total OPEB liability	\$ 6,938,302
Plan fiduciary net position	<u>(3,939,217)</u>
<b>District's net OPEB liability</b>	<u>\$ 2,999,085</u>

Plan fiduciary net position as a percentage of total OPEB liability	56.77%
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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**G. Investments**

**Investment Policy**

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The District participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The District has adopted the CERBT Strategy 1 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board.

**Rate of Return**

For the year ended on the measurement date the annual money-weighted rate of return on investments, net of investment expense, was 11.31 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**H. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

**Economic assumptions:**

Salary increases	3.00%
Investment rate of return	7.25%
Healthcare cost trend rates	6.00%

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**H. Actuarial Assumptions and Other Inputs (continued)**

**Non-economic assumptions:**

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.

Actuarial assumptions used in the June 30, 2017 valuation were based on a review of plan experience during the period June 30, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 7.25 percent.

The discount rate was based on:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The District has adopted the CERBT Strategy 1 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Target Range</b>	<b>Benchmark</b>
Global Equity	57.00%	± 2%	MSCI All Country World Index IMI (net)
Fixed Income	27.00%	± 2%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Protected Securities	5.00%	± 2%	Bloomberg Barclays Barclays US TIPS Index
Real Estate Investment Trusts	8.00%	± 2%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	3.00%	± 2%	S&P GSCI Total Return Index
Cash	-	+2%	91 Day Treasury Bill

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**I. Changes in Net OPEB Liability**

The Tamalpais Union High School District has invoked Paragraph 244 of GASB Statement 75 for the transition due to cost constraints. Consequently, in order to determine the beginning total OPEB liability, a “roll-back” technique has been used.

	<u><b>June 30, 2018</b></u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 339,454
Interest on total OPEB liability	468,661
Benefits payments	<u>(656,712)</u>
Net change in total OPEB liability	151,403
Total OPEB liability - beginning	<u>6,786,899</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,938,302</u></u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 616,878
Net investment income	397,273
Benefit payments	(656,712)
Administrative expenses	<u>(3,264)</u>
Net change in plan fiduciary net position	354,175
Plan fiduciary net position - beginning	<u>3,585,042</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,939,217</u></u>
 District's net OPEB liability - ending (a) - (b)	 <u><u>\$ 2,999,085</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	  56.8%
 Covered payroll	 \$ 43,409,322
 District's net OPEB liability (asset) as a percentage of covered payroll	  7%

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**J. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Tamalpais Union High School District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.3 percent) or one percentage point higher (8.3 percent) than the current discount rate:

	<b>Valuation</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(6.3%)</b>	<b>(7.3%)</b>	<b>(8.3%)</b>
Net OPEB liability (asset)	\$ 3,380,415	\$ 2,999,085	\$ 2,645,731

**K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the Tamalpais Union High School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.0 percent) or one percentage point higher (7.0 percent) than the current healthcare cost trend rate:

	<b>Valuation Trend</b>		
	<b>1% Decrease</b>	<b>Rate</b>	<b>1% Increase</b>
	<b>(5.0%)</b>	<b>(6.0%)</b>	<b>(7.0%)</b>
Net OPEB liability (asset)	\$ 2,522,891	\$ 2,999,085	\$ 3,536,291

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**L. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2018, the Tamalpais Union High School District recognized OPEB expense of \$665,813. At June 30, 2018, the Tamalpais Union High School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 111,667
District contributions subsequent to the measurement date	574,708	-
	<u>\$ 574,708</u>	<u>\$ 111,667</u>

The \$574,708 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 27,917
2020	27,917
2021	27,917
2022	27,916
	<u>\$ 111,667</u>

Prior periods of deferred outflows and deferred inflows of resources were not restated due to the fact that prior valuations were not rerun in accordance with Paragraph 244 of GASB Statement 75. It was determined the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified. In the future, gains and losses related to changes in net OPEB liability will be recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 60,030,468	\$ 18,962,889	\$ 5,127,794	\$ 6,063,385
PERS Pension	19,772,491	9,131,051	237,493	2,762,398
<b>Total</b>	<b>\$ 79,802,959</b>	<b>\$ 28,093,940</b>	<b>\$ 5,365,287</b>	<b>\$ 8,825,783</b>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2018, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$5,294,883 for the year ended June 30, 2018.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$2,888,009 to CalSTRS.

**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:

District's proportionate share of the net pension liability	\$ 60,030,468
State's proportionate share of the net pension liability associated with the District	35,513,807
Total	<u>\$ 95,544,275</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to 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. At June 30, 2017, the District's proportion was 0.065 percent, which was an increase of 0.00107 percent from its proportion measured as of June 30, 2016.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$6,063,385. In addition, the District recognized pension expense and revenue of \$1,020,715 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 1,598,779
Differences between expected and actual experience	221,998	1,047,028
Changes in assumptions	11,121,345	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,324,663	2,481,987
District contributions subsequent to the measurement date	5,294,883	-
	<u>\$ 18,962,889</u>	<u>\$ 5,127,794</u>

The \$5,294,883 reported as 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 year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 2,408,045	\$ 2,059,605
2020	2,408,045	(276,685)
2021	2,408,045	585,701
2022	2,408,047	2,152,104
2023	2,017,913	607,069
2024	2,017,911	-
	<u>\$ 13,668,006</u>	<u>\$ 5,127,794</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

\* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

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:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
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%
	<hr/> 100% <hr/>	

\*20-year geometric average

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan'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 the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 88,143,785	\$ 60,030,468	\$ 37,214,606

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The District contributes to the School Employer 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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018 was 15.531% of annual payroll. Contributions to the plan from the District were \$2,180,295 for the year ended June 30, 2018.

**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 of \$19,772,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to 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. At June 30, 2017, the District's proportion was 0.083 percent, which was a decrease of 0.00309 percent from its proportion measured as of June 30, 2016.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$2,762,398. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 683,993	\$ -
Differences between expected and actual experience	708,367	-
Changes in assumptions	2,888,083	232,797
Changes in proportion and differences between District contributions and proportionate share of contributions	2,670,313	4,696
District contributions subsequent to the measurement date	2,180,295	-
	<u>\$ 9,131,051</u>	<u>\$ 237,493</u>

The \$2,180,295 reported as 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 year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 2,568,310	\$ 237,493
2020	2,912,097	-
2021	1,844,904	-
2022	(374,555)	-
	<u>\$ 6,950,756</u>	<u>\$ 237,493</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2016, valuation was based on the results of an actuarial experience study for the period from 1997 to 2011.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Actuarial Assumptions (continued)**

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

\*An expected inflation of 2.50% used for this period.

\*\*An expected inflation of 3.00% used for this period.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 29,091,670	\$ 19,772,491	\$ 12,041,451



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. 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.

**B. 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.

**C. Construction Commitments**

As of June 30, 2018, the District had no commitments with respect to unfinished capital projects.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in two joint ventures under joint powers authorities (JPAs), the Marin Schools Insurance Authority (MSIA), and the Main Pupil Transportation Agency (MPTA). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2018, the deferred amount on refunding was \$6,912,950.

**B. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2018, total deferred outflows related to pensions was \$28,093,940 and total deferred inflows related to pensions was \$5,365,287.

**C. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2018, total deferred outflows related to other postemployment benefits was \$574,708 and total deferred inflows related to other postemployment benefits was \$111,667.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 15 – RESTATEMENT OF NET POSITION**

The beginning net position of Governmental Activities has been restated in order to record the District's net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect on beginning net position is presented as follows:

	<b>Governmental Activities</b>
Net Position - Beginning, as Previously Reported	\$ 7,211,590
Restatement	(3,806,336)
Net Position - Beginning, as Restated	<u>\$ 3,405,254</u>

**NOTE 16 – HOUSING LOAN**

In order to encourage and enable the Superintendent to live within Marin County and thereby, more effectively perform the duties, the Board provided a housing loan to the Superintendent to assist in purchasing real property located within the county boundaries to be used as the Superintendent's principal residence during the term of the loan. No payments are required as long as the Superintendent is employed as the District Superintendent.

The former Superintendent has a loan outstanding of \$500,000, which is reported as non-current asset on the Statement of Net Position. On July 19, 2018, the District secured payment for the loan.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**GENERAL FUND – BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 60,584,786	\$ 60,357,545	\$ 60,885,566	\$ 528,021
Federal sources	1,028,398	1,159,720	901,252	(258,468)
Other state sources	4,278,280	4,701,050	5,391,339	690,289
Other local sources	14,943,455	14,953,205	15,515,514	562,309
Total Revenues	80,834,919	81,171,520	82,693,671	1,522,151
EXPENDITURES				
Certificated salaries	36,360,764	36,925,174	37,348,702	(423,528)
Classified salaries	10,293,324	10,642,401	10,014,465	627,936
Employee benefits	20,543,356	21,016,441	21,148,441	(132,000)
Books and supplies	5,002,420	5,971,963	3,783,625	2,188,338
Services and other operating expenditures	11,023,193	11,647,454	12,185,103	(537,649)
Capital outlay	411,918	487,416	267,924	219,492
Other outgo				
Excluding transfers of indirect costs	1,678,963	1,824,793	1,809,412	15,381
Transfers of indirect costs	(96,848)	(113,573)	(143,074)	29,501
Total Expenditures	85,217,090	88,402,069	86,414,598	1,987,471
Excess (Deficiency) of Revenues				
Over Expenditures	(4,382,171)	(7,230,549)	(3,720,927)	3,509,622
Other Financing Sources (Uses)				
Transfers out	(894,400)	(941,488)	(1,315,494)	(374,006)
Net Financing Sources (Uses)	(894,400)	(941,488)	(1,315,494)	(374,006)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	(5,276,571)	(8,172,037)	(5,036,421)	3,135,616
Fund Balance - Ending	24,936,165	24,936,165	24,936,165	-
	\$ 19,659,594	\$ 16,764,128	\$ 19,899,744	\$ 3,135,616

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Funds for Other than Capital Outlay in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because of audited adjustments noted in the reconciliation of annual financial and budget report with audited financial statements.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 339,454
Interest on total OPEB liability	468,661
Benefits payments	<u>(656,712)</u>
Net change in total OPEB liability	151,403
Total OPEB liability - beginning	<u>6,786,899</u>
Total OPEB liability - ending (a)	<u>\$ 6,938,302</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 616,878
Net investment income	397,273
Benefit payments	(656,712)
Administrative expenses	<u>(3,264)</u>
Net change in plan fiduciary net position	354,175
Plan fiduciary net position - beginning	<u>3,585,042</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,939,217</u>
 District's net OPEB liability - ending (a) - (b)	 <u>\$ 2,999,085</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	  56.8%
 Covered payroll	 \$ 43,409,322
 District's net OPEB liability (asset) as a percentage of covered payroll	  7%

See accompanying note to required supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**- CALSTRS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.065%	0.064%	0.066%	0.062%
District's proportionate share of the net pension liability	\$ 60,030,468	\$ 51,638,836	\$ 44,433,840	\$ 36,230,940
State's proportionate share of the net pension liability associated with the District	35,513,807	29,401,396	23,256,187	21,877,806
Total	<u>\$ 95,544,275</u>	<u>\$ 81,040,232</u>	<u>\$ 67,690,027</u>	<u>\$ 58,108,746</u>
District's covered payroll	\$ 35,262,233	\$ 30,302,376	\$ 28,130,558	\$ 27,623,200
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.2%	170.4%	158.0%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**- CALPERS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.083%	0.086%	0.090%	0.088%
District's proportionate share of the net pension liability	\$ 19,772,491	\$ 16,967,806	\$ 13,266,088	\$ 1,003,552
District's covered payroll	\$ 10,107,999	\$ 14,848,220	\$ 14,084,784	\$ 9,276,787
District's proportionate share of the net pension liability as a percentage of its covered payroll	195.6%	114.3%	94.2%	10.8%
Plan fiduciary net position as a percentage of the total pension liability	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.



**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 5,294,883	\$ 4,394,096	\$ 3,455,615	\$ 2,690,853
Contributions in relation to the contractually required contribution*	(5,294,883)	(4,394,096)	(3,455,615)	(2,690,853)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 37,318,160	\$ 35,262,233	\$ 30,302,376	\$ 28,130,558
Contributions as a percentage of covered payroll	14.19%	12.46%	11.40%	9.57%

\*Amounts do not include on-behalf contributions

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,180,295	\$ 2,014,593	\$ 1,800,793	\$ 1,747,783
Contributions in relation to the contractually required contribution	(2,180,295)	(2,014,593)	(1,800,793)	(1,747,783)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,075,347	\$ 10,107,999	\$ 14,848,220	\$ 14,084,784
Contributions as a percentage of covered payroll	19.69%	19.93%	12.13%	12.41%

See accompanying note to required supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Changes in Net OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the to net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in 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.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2018, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 36,925,174	\$ 37,348,702	\$ 423,528
Employee benefits	\$ 21,016,441	\$ 21,148,441	\$ 132,000
Services and other operating expenditures	\$ 11,647,454	\$ 12,185,103	\$ 537,649

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# **SUPPLEMENTARY INFORMATION**

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**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected Adult Education	84.010	14329	\$ 127,603
Adult Education: Adult Basic Education & ESL	84.002A	14508	26,430
Adult Education: Adult Secondary Education	84.002	13978	8,782
Adult Education: English Literacy and Civics Education	84.002A	14109	50,562
Subtotal Adult Education			85,774
Title II, Part A, Teacher Quality	84.367	14341	65,765
Title III, Immigrant Education Program	84.365	15146	16,597
IDEA Basic Local Assistance Entitlement, Part B, Sec 611 [1]	84.027	13379	634,218
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	57,069
<b>Total U. S. Department of Education</b>			<b>987,026</b>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	39,944
School Breakfast Program - Needy	10.553	13526	18,359
National School Lunch Program	10.555	13391	106,430
USDA Commodities [2]	10.555	*	26,688
Subtotal Child Nutrition Cluster			191,421
<b>Total U. S. Department of Agriculture</b>			<b>191,421</b>
<b>Total Federal Expenditures</b>			<b>\$ 1,178,447</b>

[1] - Major Program

[2] - In-Kind Contribution

\* - Pass-Through Entity Identifying Number not available or not applicable

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2018**

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	Second Period Report	Revised Second Period Report	Annual Report
	3DCAD2A0	*	15C0F836
SCHOOL DISTRICT			
Ninth through Twelfth			
Regular ADA	4,530.67	4,541.90	4,536.66
Extended Year Special Education	0.02	0.02	0.02
Special Education - Nonpublic Schools	18.45	20.52	21.85
Extended Year Special Education - Nonpublic Schools	3.48	3.48	3.48
Total Ninth through Twelfth	4,552.62	4,565.92	4,562.01
TOTAL SCHOOL DISTRICT	4,552.62	4,565.92	4,562.01

*\*As of the date of the financial statements the District has not submitted a revised P-2 report, the numbers in this column are projected based on auditor calculation and testing.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2017-18 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Grade 9	64,800	64,820	180	Complied
Grade 10	64,800	64,820	180	Complied
Grade 11	64,800	64,820	180	Complied
Grade 12	64,800	64,820	180	Complied



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2019 (Budget)	2018	2017	2016
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 81,817,473	\$ 82,693,671	\$ 79,960,709	\$ 79,013,906
Expenditures And Other Financing Uses	88,504,351	87,730,092	83,274,399	77,799,817
Net change in Fund Balance	<u>\$ (6,686,878)</u>	<u>\$ (5,036,421)</u>	<u>\$ (3,313,690)</u>	<u>\$ 1,214,089</u>
Ending Fund Balance	<u>\$ 13,212,866</u>	<u>\$ 19,899,744</u>	<u>\$ 24,936,165</u>	<u>\$ 28,249,855</u>
Available Reserves*	<u>\$ 6,304,317</u>	<u>\$ 13,817,753</u>	<u>\$ 2,498,233</u>	<u>\$ 13,139,500</u>
Available Reserves As A Percentage Of Outgo	<u>7.12%</u>	<u>15.75%</u>	<u>3.00%</u>	<u>16.89%</u>
Long-term Debt	<u>\$ 200,104,888</u>	<u>\$ 209,217,454</u>	<u>\$ 203,830,141</u>	<u>\$ 201,713,246</u>
Average Daily Attendance At P-2	<u>4,553</u>	<u>4,553</u>	<u>4,484</u>	<u>4,243</u>

The General Fund balance has decreased by \$8,350,111 over the past two years. The fiscal year 2018-19 budget projects a further decrease of \$6,686,878. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long-term obligations have increased by \$7,504,208 over the past two years.

Average daily attendance has increased by 310 ADA over the past two years. No change in ADA is anticipated during the 2018-19 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund.

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other than Capital Outlay, in accordance with the fund type definitions promulgated by GASB Statement No. 54 and audit adjustments.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>General Fund</b>	<b>Adult Education Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay</b>
June 30, 2018, annual financial and budget report fund balance	\$ 19,899,744	\$ 427,752	\$ 8,933
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Increase in cash in county treasury	44,673	386,981	-
Increase in accounts payable	(379,806)	-	
Fund balance transfer (GASB 54)	8,933	-	(8,933)
Net adjustments and reclassifications	(326,200)	386,981	(8,933)
June 30, 2018, audited financial statement fund balance	\$ 19,573,544	\$ 814,733	\$ -

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2018**

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	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 691,754	\$ 260,112	\$ 1,389,957	\$ 51,416	\$ 814	\$ 3,058,308	\$ 5,452,361
Accounts receivable	44,228	7,204	-	-	41,887	-	93,319
Due from other funds	303,140	-	537,000	-	858,629	500,000	2,198,769
Stores inventory	-	17,396	-	-	-	-	17,396
<b>Total Assets</b>	<b>\$ 1,039,122</b>	<b>\$ 284,712</b>	<b>\$ 1,926,957</b>	<b>\$ 51,416</b>	<b>\$ 901,330</b>	<b>\$ 3,558,308</b>	<b>\$ 7,761,845</b>
<b>LIABILITIES</b>							
Accrued liabilities	\$ 125,924	\$ 72,166	\$ 47,452	\$ -	\$ 292,668	\$ 174,100	\$ 712,310
Due to other funds	92,020	194,035	30	-	500,000	858,629	1,644,714
Unearned revenue	6,445	-	-	-	-	-	6,445
<b>Total Liabilities</b>	<b>224,389</b>	<b>266,201</b>	<b>47,482</b>	<b>-</b>	<b>792,668</b>	<b>1,032,729</b>	<b>2,363,469</b>
<b>FUND BALANCES</b>							
Non-spendable	-	17,796	-	-	-	-	17,796
Restricted	814,733	715	-	51,416	108,662	2,525,579	3,501,105
Committed	-	-	1,879,475	-	-	-	1,879,475
<b>Total Fund Balances</b>	<b>814,733</b>	<b>18,511</b>	<b>1,879,475</b>	<b>51,416</b>	<b>108,662</b>	<b>2,525,579</b>	<b>5,398,376</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,039,122</b>	<b>\$ 284,712</b>	<b>\$ 1,926,957</b>	<b>\$ 51,416</b>	<b>\$ 901,330</b>	<b>\$ 3,558,308</b>	<b>\$ 7,761,845</b>

See accompanying note to supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>REVENUES</b>							
LCFF sources	\$ -	\$ -	\$ 357,000	\$ -	\$ -	\$ -	\$ 357,000
Federal sources	85,774	191,421	-	-	-	-	277,195
Other state sources	642,706	12,535	-	-	29	-	655,270
Other local sources	834,079	749,347	12,939	485	203,935	29,683	1,830,468
<b>Total Revenues</b>	<b>1,562,559</b>	<b>953,303</b>	<b>369,939</b>	<b>485</b>	<b>203,964</b>	<b>29,683</b>	<b>3,119,933</b>
<b>EXPENDITURES</b>							
Current							
Instruction	282,674	-	-	-	-	-	282,674
Instruction-related services							
School site administration	416,593	-	-	-	-	-	416,593
Pupil services							
Food services	-	1,300,988	-	-	-	-	1,300,988
General administration							
All other general administration	76,173	66,901	-	-	2,797	-	145,871
Plant services	-	-	372,310	-	19,030	18,194	409,534
Facilities acquisition and maintenance	-	-	9,200	-	423,475	1,332,680	1,765,355
Community services	897,664	-	-	-	-	-	897,664
<b>Total Expenditures</b>	<b>1,673,104</b>	<b>1,367,889</b>	<b>381,510</b>	<b>-</b>	<b>445,302</b>	<b>1,350,874</b>	<b>5,218,679</b>
<b>Excess (Deficiency) of Revenues</b>							
<b>Over Expenditures</b>	<b>(110,545)</b>	<b>(414,586)</b>	<b>(11,571)</b>	<b>485</b>	<b>(241,338)</b>	<b>(1,321,191)</b>	<b>(2,098,746)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	450,193	415,301	180,000	-	350,000	270,000	1,665,494
Transfers out	-	-	-	-	-	(350,000)	(350,000)
<b>Net Financing Sources (Uses)</b>	<b>450,193</b>	<b>415,301</b>	<b>180,000</b>	<b>-</b>	<b>350,000</b>	<b>(80,000)</b>	<b>1,315,494</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>339,648</b>	<b>715</b>	<b>168,429</b>	<b>485</b>	<b>108,662</b>	<b>(1,401,191)</b>	<b>(783,252)</b>
<b>Fund Balance - Beginning</b>	<b>475,085</b>	<b>17,796</b>	<b>1,711,046</b>	<b>50,931</b>	<b>-</b>	<b>3,926,770</b>	<b>6,181,628</b>
<b>Fund Balance - Ending</b>	<b>\$ 814,733</b>	<b>\$ 18,511</b>	<b>\$ 1,879,475</b>	<b>\$ 51,416</b>	<b>\$ 108,662</b>	<b>\$ 2,525,579</b>	<b>\$ 5,398,376</b>

See accompanying note to supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2018**

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The Tamalpais Union High School District was established on July 1, 1908 and is comprised of an area located in Marin County. There were no changes in the boundaries of the District during the current year. The District is operating three comprehensive high schools, one continuation high school, one independent study high school, and an adult school program.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Leslie Lundgren	President	2020
Chuck Ford	Clerk	2018
Laura Anderson	Member	2018
Michael Futterman	Member	2018
Barbra Owens	Member	2020

**DISTRICT ADMINISTRATORS**

Dr. Tara Taupier  
*Superintendent*

Lars Christensen  
*Assistant Superintendent of Human Resources and Facilities*

Corbett Elsen  
*Chief Financial Officer*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

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**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 following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

The District has not elected to use the 10 percent de minimis indirect cost rate.

**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**

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 46208. During the year ended June 30, 2018, the District participated in the Longer Day incentive funding program. As of June 30, 2018, the District had not yet met its target funding.

**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.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION, continued  
JUNE 30, 2018

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NOTE 1 – PURPOSE OF SCHEDULES (continued)

**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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**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.

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board  
Tamalpais Union High School District  
Larkspur, 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 Tamalpais Union High School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Tamalpais Union High School District's basic financial statements, and have issued our report thereon dated December 12, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tamalpais Union High 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 Tamalpais Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tamalpais Union High 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2018-001)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tamalpais Union High 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*.

### **Tamalpais Union High School District's Response to Findings**

Tamalpais Union High School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Tamalpais Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California  
December 12, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board

Tamalpais Union High School District

Larkspur, California

**Report on Compliance for Each Major Federal Program**

We have audited Tamalpais Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tamalpais Union High School District's major federal programs for the year ended June 30, 2018. Tamalpais Union High 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 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 Tamalpais Union High 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 Tamalpais Union High 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 Tamalpais Union High School District's compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, Tamalpais Union High 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 Tamalpais Union High 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 Tamalpais Union High 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 Tamalpais Union High 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 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.



San Diego, California  
December 12, 2018

## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

Governing Board  
Tamalpais Union High School District  
Larkspur,, California

#### **Report on State Compliance**

We have audited Tamalpais Union High School District's compliance with the types of compliance requirements described in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Tamalpais Union High School District's state programs for the fiscal year ended June 30, 2018, as identified below.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Tamalpais Union High School District's state 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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Tamalpais Union High 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 with the requirements referred to above. However, our audit does not provide a legal determination of Tamalpais Union High School District's compliance with those requirements.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

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### ***Opinion on State Compliance***

In our opinion, Tamalpais Union High School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as findings #2018-002 & #2018-003. Our opinion on state compliance is not modified with respect to these matters.

Tamalpais Union High School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Tamalpais Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Procedures Performed***

In connection with the audit referred to above, we selected and tested transactions and records to determine Tamalpais Union High School District's compliance with the state laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

*(Continued on the following page)*

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

*Christy White Associates*

San Diego, California  
December 12, 2018

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**SUMMARY OF AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

CFDA Number(s)

84.027

Name of Federal Program or Cluster

IDEA Basic Local Assistance Entitlement, Part B, Sec 611

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

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

**FINDING #2018-001: CASH IN COUNTY TREASURY (30000)**

**Criteria:** Internal controls over bank accounts and reconciliations are important to ensure that the District's financial statements are free of material misstatement and are an internal control procedure that can help prevent and detect fraud. Bank reconciliations can also help identify accounting and bank errors by providing explanations of the differences between accounting record's cash balances and the bank balance/county treasury balance position per the bank statement.

**Condition:**

1. The District is not reviewing or preparing reconciliations on a timely basis for the Cash in County Treasury and variances were not reconciled, which lead to reporting inaccurate amounts.
2. During our testing of the District's ASB Bank Accounts and Reconciliations, it was noted that the District's ASB Cash Accounts are not being reconciled from the District's general ledger to the supporting documentation. The amount of the discrepancy was immaterial to the financial statements.

**Cause:** Policies in place are not adequately designed or implemented.

**Effect:** Risk of material misstatement to the financial statements, a likelihood for errors and potential for fraud.

**Perspective:** Auditors tested bank statements and reconciliations for all cash accounts reported in the District and ASB Funds.

**Recommendations:** We recommend that the District prepare a cash reconciliation for every cash account with an ending cash balance on a monthly basis and put procedures in place to ensure they are reviewed and completed timely.

**District Response:** The District is currently reconciling its cash balance on a monthly basis and addressing any outstanding items to ensure activity is properly recorded. Further, during 2018-19, the District is sending the monthly cash reconciliations to the Marin County Office of Education for review as well. Additionally, district staff will be reviewing ASB cash accounts and will reconcile them to the general ledger accordingly.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

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FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

*There were no federal award findings or questioned costs in 2017-18.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

**FINDING #2018-002 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Additionally, students who are classified as English Learners (EL) must have supporting documentation to justify the student’s designation. Auditors are required to verify compliance with *Education Code Section 42238.02(b)(3)(b)*.

**Condition:** Three out of five pupils tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as free or reduced-price meal eligible (FRPM) did not have proper supporting documentation to support their designation.

**Cause:** Lack of adequate oversight and familiarity with CALPADS requirements.

**Effect:** The District is not in compliance with applicable state requirements.

**Questioned Costs:** To determine questioned costs, the error rate (3/5) was extrapolated over the entire impacted population for all schools, as the error only related to FRPM determinations, only pupils eligible based on FRPM were considered. The total population of the area tested was 131. The extrapolated error rate disallowed an additional 76 students for a total of 79 students. However, since the District is Basic Aid Funded, there is no financial impact resulting from the overstated unduplicated population.

Total Adjusted Enrollment from the UPP exhibit as of P-2	14,004
Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	1,311
Audit Adjustment - Number of Enrollment	-
Audit Adjustment - Number of Unduplicated Pupil Count	(79)
Revised Adjusted Enrollment	14,004
Revised Adjusted Unduplicated Pupil Count	1,232

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-002: UNDUPLICATED PUPIL COUNT (40000) (continued)**

**Recommendation:** We recommend that the District ensure that all students listed as FRPM in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have supporting documentation to support their CALPADS designation.

**District Response:** The District will review data generated from CALPAD to Food Service records to help ensure the accuracy of the data.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING # 2018-003: ATTENDANCE REPORTING (10000)**

**Criteria:** The Second Period and the Annual Attendance Reports submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency's Average Daily Attendance (ADA) in accordance with *California Education Code Section 46000 et seq.*

**Condition:** During the testing of average daily attendance for the District's second recording period and annual recording period, auditor noted the following:

*Second Period Attendance Report:*

- **Regular ADA:** Total net understatement of 13.30 ADA, resulting from 13.30 ADA understatement in grades 9-12. Overall ADA should be 4,565.92. (Per the original P2 the overall ADA was 4,552.62, variance of 13.30)

**Cause:** Controls over attendance reporting are not in place to assure that the amounts reported on the Second Period are accurate.

**Effect:** Incorrect reporting of Regular ADA in the Second Period Report can result in noncompliance with state regulation.

**Questioned Costs:** The errors noted for the District's P2 report have not been revised. Since the District is Basic Aid funded, the questioned costs for this understatement is 13.30, multiplied by \$408.35 (Education Protection Account (EPA) amount per ADA of \$200 plus lottery amount per ADA of \$208.35) totaling \$5,431.06.

**Recommendations:** We recommend that proper procedures be established to ensure that the data within the attendance system and data reported on the Second Attendance Report are accurate. We also recommend that the District submit an additional Revised Second Period (P2) and Annual Attendance Report, to capture the understatement ADA.

**Corrective Action Plan:** The District concurs and will revise the attendance reports accordingly.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

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*There were no prior audit findings or questioned costs for the year ended June 30, 2017.*