

**TAMALPAIS UNION HIGH SCHOOL  
DISTRICT**

**AUDIT REPORT  
JUNE 30, 2017**

**San Diego**

**Los Angeles**

**San Francisco  
Bay Area**

**christywhite**  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
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 FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017, 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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State Board of Accountancy*

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, 2017, 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.

### *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 funding progress for OPEB benefits, 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.

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 November 6, 2017 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 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.

*Christy White Associates*

San Diego, California

November 6, 2017

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

## INTRODUCTION

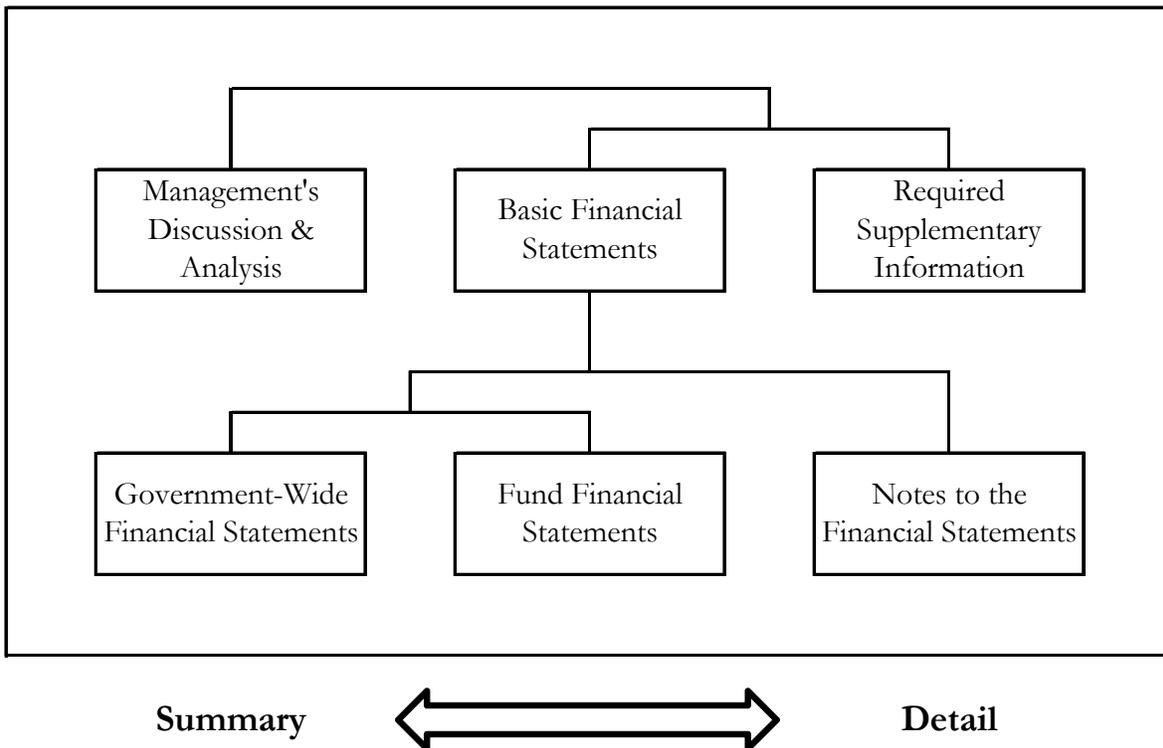
Our discussion and analysis of Tamalpais Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- ▶ The District's total net position was \$7,211,590 at June 30, 2017. This was a decrease of \$500,593 from the prior year.
- ▶ Overall revenues were \$98,228,602 which were exceeded by expenses of \$98,729,195.

## 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, 2017**

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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, 2017**

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

**Net Position**

The District's combined net position was \$7,211,590 at June 30, 2017, as reflected in the table below. Of this amount, (\$30,120,907) 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>2017</b>	<b>2016</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 45,780,166	\$ 45,737,482	\$ 42,684
Capital assets	152,001,545	157,602,175	(5,600,630)
<b>Total Assets</b>	<b>197,781,711</b>	<b>203,339,657</b>	<b>(5,557,946)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,131,408</b>	<b>19,231,591</b>	<b>5,899,817</b>
<b>LIABILITIES</b>			
Current liabilities	15,949,860	14,079,173	1,870,687
Long-term liabilities	195,001,484	192,967,151	2,034,333
<b>Total Liabilities</b>	<b>210,951,344</b>	<b>207,046,324</b>	<b>3,905,020</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>4,750,185</b>	<b>7,812,741</b>	<b>(3,062,556)</b>
<b>NET POSITION</b>			
Net investment in capital assets	24,484,893	9,965,415	14,519,478
Restricted	12,847,604	12,802,717	44,887
Unrestricted	(30,120,907)	(15,055,949)	(15,064,958)
<b>Total Net Position</b>	<b>\$ 7,211,590</b>	<b>\$ 7,712,183</b>	<b>\$ (500,593)</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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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>2017</b>	<b>2016</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 1,446,934	\$ 1,488,846	\$ (41,912)
Operating grants and contributions	10,233,315	9,659,658	573,657
General revenues			
Property taxes	79,019,482	75,315,546	3,703,936
Unrestricted federal and state aid	3,490,992	4,521,174	(1,030,182)
Other	4,037,879	1,193,489	2,844,390
<b>Total Revenues</b>	<b>98,228,602</b>	<b>92,178,713</b>	<b>6,049,889</b>
<b>EXPENSES</b>			
Instruction	49,651,920	48,623,007	1,028,913
Instruction-related services	8,055,327	7,529,056	526,271
Pupil services	9,413,749	8,773,758	639,991
General administration	5,226,908	5,554,488	(327,580)
Plant services	8,648,898	7,172,678	1,476,220
Ancillary and community services	4,053,869	3,780,482	273,387
Debt service	4,327,504	5,165,079	(837,575)
Other Outgo	1,817,513	1,345,569	471,944
Depreciation	7,533,507	-	7,533,507
Other	-	225,264	(225,264)
<b>Total Expenses</b>	<b>98,729,195</b>	<b>88,169,381</b>	<b>10,559,814</b>
<b>Change in net position</b>	<b>(500,593)</b>	<b>4,009,332</b>	<b>(4,509,925)</b>
<b>Net Position - Beginning</b>	<b>7,712,183</b>	<b>3,702,851</b>	<b>4,009,332</b>
<b>Net Position - Ending</b>	<b>\$ 7,211,590</b>	<b>\$ 7,712,183</b>	<b>\$ (500,593)</b>

The cost of all our governmental activities this year was \$98,729,195 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$79,019,482; 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, 2017**

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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>2017</b>	<b>2016</b>
Instruction	\$ 42,872,286	\$ 41,766,025
Instruction-related services	7,399,509	7,049,029
Pupil services	7,424,765	6,724,695
General administration	4,898,305	5,164,758
Plant services	8,621,333	7,000,516
Ancillary and community services	3,094,389	3,193,538
Debt service	4,327,504	5,165,079
Transfers to other agencies	877,348	731,973
Depreciation	7,533,507	-
Other	-	225,264
<b>Total Expenses</b>	<b>\$ 87,048,946</b>	<b>\$ 77,020,877</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**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 \$39,721,971, which is less than last year's ending fund balance of \$42,176,999. The District's General Fund had \$309,151 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Special Reserve Fund for Capital Outlay Projects had \$1,460,107 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Bond Interest & Redemption Fund had \$206,981 less in operating revenues than expenditures for the year ended June 30, 2017.

**CURRENT YEAR BUDGET 2016-17**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly 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.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2016-17 the District had invested \$152,001,545 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2017</b>	<b>2016</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 3,818,545	\$ 3,818,545	\$ -
Construction in progress	814,555	57,186	757,369
Land improvements	79,281,470	78,524,197	757,273
Buildings & improvements	164,768,493	164,559,470	209,023
Furniture & equipment	3,227,577	3,325,712	(98,135)
Accumulated depreciation	(99,909,095)	(92,682,935)	(7,226,160)
<b>Total Capital Assets</b>	<b>\$152,001,545</b>	<b>\$157,602,175</b>	<b>\$ (5,600,630)</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Long-Term Debt**

At year-end, the District had \$195,001,484 in long-term debt, an increase of 1% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2017</b>	<b>2016</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$132,787,607	\$141,356,214	\$ (8,568,607)
Compensated absences	208,565	252,289	(43,724)
Solar equipment lease	2,227,327	2,404,815	(177,488)
Net pension liability	68,606,642	57,699,928	10,906,714
Less: current portion of long-term debt	(8,828,657)	(8,746,095)	(82,562)
<b>Total Long-term Liabilities</b>	<b>\$195,001,484</b>	<b>\$192,967,151</b>	<b>\$ 2,034,333</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. 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 State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21 but the annual amount funded to meet the target is uncertain.

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.

State revenues are estimated to increase modestly in 2017-18 but there is uncertainty about the State's long-term economic growth. According to the Legislative Analyst's Office, there are concerns about a possible mild recession. In addition, purchasing power has not been restored to pre-2007/08 levels for most school districts as added funding is going to pay for increases in CalPERS and CalSTRS rates increases and rising health care 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, 2017. 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.

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.

All of these factors were considered in preparing the District's budget for the 2017-18 fiscal year.

**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 Daniel B. Menyon, Senior Director of Fiscal Services at Tamalpais Union School District, PO Box 605, Larkspur, CA 94977, or email at [dmenyon@tamdistrict.org](mailto:dmenyon@tamdistrict.org).

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 42,164,967
Accounts receivable	2,387,914
Inventory	17,396
Net OPEB asset	604,479
Prepaid expenses	105,410
Housing loan	500,000
Capital assets, not depreciated	4,633,100
Capital assets, net of accumulated depreciation	147,368,445
<b>Total Assets</b>	<b>197,781,711</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	17,633,126
Deferred amount on refunding	7,498,282
<b>Total Deferred Outflows of Resources</b>	<b>25,131,408</b>
<b>LIABILITIES</b>	
Accrued liabilities	7,121,170
Unearned revenue	33
Long-term liabilities, current portion	8,828,657
Long-term liabilities, non-current portion	195,001,484
<b>Total Liabilities</b>	<b>210,951,344</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	4,750,185
<b>Total Deferred Inflows of Resources</b>	<b>4,750,185</b>
<b>NET POSITION</b>	
Net investment in capital assets	24,484,893
Restricted:	
Capital projects	3,926,770
Debt service	6,361,690
Educational programs	2,559,144
Unrestricted	(30,120,907)
<b>Total Net Position</b>	<b>\$ 7,211,590</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, 2017**

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 49,651,920	\$ 301,749	\$ 6,477,885	\$ (42,872,286)
Instruction-related services				
Instructional supervision and administration	1,850,180	-	50,505	(1,799,675)
Instructional library, media, and technology	1,658,158	-	23,415	(1,634,743)
School site administration	4,546,989	-	581,898	(3,965,091)
Pupil services				
Home-to-school transportation	313,244	-	37,848	(275,396)
Food services	1,223,102	635,808	134,880	(452,414)
All other pupil services	7,877,403	-	1,180,448	(6,696,955)
General administration				
Centralized data processing	1,836,352	-	589	(1,835,763)
All other general administration	3,390,556	31,282	296,732	(3,062,542)
Plant services	8,648,898	-	27,565	(8,621,333)
Ancillary services	2,825,100	69,811	258,763	(2,496,526)
Community services	1,228,769	164,244	466,662	(597,863)
Interest on long-term debt	4,327,504	-	-	(4,327,504)
Other Outgo	1,817,513	244,040	696,125	(877,348)
Depreciation (unallocated)	7,533,507	-	-	(7,533,507)
<b>Total Governmental Activities</b>	<b>\$ 98,729,195</b>	<b>\$ 1,446,934</b>	<b>\$ 10,233,315</b>	<b>(87,048,946)</b>
General revenues				
Taxes and subventions				
				56,542,027
				12,798,071
				9,679,384
				3,490,992
				159,021
				33,646
				3,845,212
				<u>86,548,353</u>
<b>Subtotal, General Revenue</b>				<b>86,548,353</b>
<b>CHANGE IN NET POSITION</b>				<b>(500,593)</b>
<b>Net Position - Beginning</b>				<b>7,712,183</b>
<b>Net Position - Ending</b>				<b>\$ 7,211,590</b>

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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 29,958,311	\$ 1,990,713	\$ 8,597,648	\$ 1,547,824	\$ 42,094,496
Accounts receivable	1,764,568	127,214	-	496,132	2,387,914
Due from other funds	304,893	3,270,002	-	825,746	4,400,641
Stores inventory	-	-	-	17,396	17,396
Prepaid expenditures	104,116	-	-	1,294	105,410
<b>Total Assets</b>	<b>\$ 32,131,888</b>	<b>\$ 5,387,929</b>	<b>\$ 8,597,648</b>	<b>\$ 2,888,392</b>	<b>\$ 49,005,857</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 3,093,412	\$ 1,214,783	\$ -	\$ 575,017	\$ 4,883,212
Due to other funds	4,095,748	246,376	-	58,517	4,400,641
Unearned revenue	33	-	-	-	33
<b>Total Liabilities</b>	<b>7,189,193</b>	<b>1,461,159</b>	<b>-</b>	<b>633,534</b>	<b>9,283,886</b>
<b>FUND BALANCES</b>					
Nonspendable	116,116	-	-	19,090	135,206
Restricted	2,187,861	3,926,770	8,597,648	371,283	15,083,562
Committed	-	-	-	1,864,485	1,864,485
Assigned	20,140,485	-	-	-	20,140,485
Unassigned	2,498,233	-	-	-	2,498,233
<b>Total Fund Balances</b>	<b>24,942,695</b>	<b>3,926,770</b>	<b>8,597,648</b>	<b>2,254,858</b>	<b>39,721,971</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 32,131,888</b>	<b>\$ 5,387,929</b>	<b>\$ 8,597,648</b>	<b>\$ 2,888,392</b>	<b>\$ 49,005,857</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, 2017**

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**Total Fund Balance - Governmental Funds** \$ 39,721,971

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	\$ 251,910,640	
Accumulated depreciation	<u>(99,909,095)</u>	152,001,545

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:

7,498,282

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 unmatrued interest owing at the end of the period was:

(2,235,958)

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

Net OPEB Asset:

In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The net OPEB asset at the end of the period was:

604,479

*(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, 2017**

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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	\$ 132,787,607	
Compensated absences	208,565	
Solar equipment lease	2,227,327	
Net pension liability	<u>68,606,642</u>	(203,830,141)

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	\$ 17,633,126	
Deferred inflows of resources related to pensions	<u>(4,750,185)</u>	12,882,941

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:

68,471

<b>Total Net Position - Governmental Activities</b>	<u>\$ 7,211,590</u>
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**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 57,789,172	\$ -	\$ -	\$ 357,000	\$ 58,146,172
Federal sources	1,089,075	-	-	196,887	1,285,962
Other state sources	5,505,350	-	52,178	787,357	6,344,885
Other local sources	15,381,334	9,737	12,767,153	1,620,062	29,778,286
<b>Total Revenues</b>	<b>79,764,931</b>	<b>9,737</b>	<b>12,819,331</b>	<b>2,961,306</b>	<b>95,555,305</b>
<b>EXPENDITURES</b>					
Current					
Instruction	47,173,113	-	-	350,078	47,523,191
Instruction-related services					
Instructional supervision and administration	1,772,021	-	-	-	1,772,021
Instructional library, media, and technology	1,591,204	-	-	-	1,591,204
School site administration	3,968,174	-	-	408,961	4,377,135
Pupil services					
Home-to-school transportation	313,244	-	-	-	313,244
Food services	1,175	-	-	1,180,544	1,181,719
All other pupil services	7,774,808	-	-	-	7,774,808
General administration					
Centralized data processing	1,765,744	-	-	-	1,765,744
All other general administration	3,302,696	-	-	61,057	3,363,753
Plant services	7,984,451	176,645	-	306,249	8,467,345
Facilities acquisition and maintenance	143,912	1,293,199	-	258,360	1,695,471
Ancillary services	2,550,921	-	-	-	2,550,921
Community services	264,843	-	-	874,846	1,139,689
Transfers to other agencies	1,232,181	-	-	-	1,232,181
Debt service					
Principal	177,488	-	7,340,000	-	7,517,488
Interest and other	58,107	-	5,686,312	-	5,744,419
<b>Total Expenditures</b>	<b>80,074,082</b>	<b>1,469,844</b>	<b>13,026,312</b>	<b>3,440,095</b>	<b>98,010,333</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(309,151)</b>	<b>(1,460,107)</b>	<b>(206,981)</b>	<b>(478,789)</b>	<b>(2,455,028)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	3,270,000	-	720,317	3,990,317
Transfers out	(3,990,317)	-	-	-	(3,990,317)
<b>Net Financing Sources (Uses)</b>	<b>(3,990,317)</b>	<b>3,270,000</b>	<b>-</b>	<b>720,317</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,299,468)</b>	<b>1,809,893</b>	<b>(206,981)</b>	<b>241,528</b>	<b>(2,455,028)</b>
<b>Fund Balance - Beginning</b>	<b>29,242,163</b>	<b>2,116,877</b>	<b>8,804,629</b>	<b>2,013,330</b>	<b>42,176,999</b>
<b>Fund Balance - Ending</b>	<b>\$ 24,942,695</b>	<b>\$ 3,926,770</b>	<b>\$ 8,597,648</b>	<b>\$ 2,254,858</b>	<b>\$ 39,721,971</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, 2017**

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Net Change in Fund Balances - Governmental Funds \$ (2,455,028)

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:	\$	1,944,669	
Depreciation expense:		<u>(7,533,507)</u>	(5,588,838)

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:

7,517,488

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:

(11,792)

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:

188,308

*(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, 2017**

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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: 43,724

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: 503,320

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: (1,359,009)

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: 1,228,607

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: 17,959

**Change in Net Position of Governmental Activities** \$ (500,593)

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 70,471
<b>Total Assets</b>	<b>70,471</b>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	2,000
<b>Total Liabilities</b>	<b>2,000</b>
<b>NET POSITION</b>	
Restricted	68,471
<b>Total Net Position</b>	<b>\$ 68,471</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, 2017**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUE</b>	
Other local revenues	\$ 19,141
<b>Total operating revenues</b>	<u>19,141</u>
<b>OPERATING EXPENSE</b>	
Professional services	1,467
<b>Total operating expenses</b>	<u>1,467</u>
<b>Operating income/(loss)</b>	<u>17,674</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	285
<b>Total non-operating revenues/(expenses)</b>	<u>285</u>
<b>CHANGE IN NET POSITION</b>	17,959
<b>Net Position - Beginning</b>	<u>50,512</u>
<b>Net Position - Ending</b>	<u>\$ 68,471</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, 2017**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from other local sources	\$ 19,307
Cash payments for payroll, insurance, and operating costs	(1,801)
Net cash provided by (used for) operating activities	<u>17,506</u>
<b>Cash flows from investing activities</b>	
Interest received	285
Net cash provided by (used for) investing activities	<u>285</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>17,791</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	52,680
End of year	<u>\$ 70,471</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ 17,674
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	166
Increase (decrease) in accounts payable	(334)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 17,506</u>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

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	<u>Agency Funds</u>
	<u>Student Body</u>
	<u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 556,126
<b>Total Assets</b>	<u>\$ 556,126</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 556,126
<b>Total Liabilities</b>	<u>\$ 556,126</u>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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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, 2017

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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.

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.

**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*).

**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*).

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2017

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

Special Revenue Funds (*continued*)

**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.

**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).

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**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*).

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2017

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

C. **Basis of Presentation** (*continued*)

**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.

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.

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.

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.

**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, 2017

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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, 2017

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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, 2017

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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 not yet determined the impact on the financial statements.

**GASB Statement No. 80** – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard’s primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 80 for the year ended June 30, 2017.

**GASB Statement No. 82** – In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This standard’s primary objective is to address issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The majority of this Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 82 for the year ended June 30, 2017.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Investment in county treasury	\$ 42,077,096	\$ 70,471	\$ 42,147,567	\$ -
Cash on hand and in banks	5,000	-	5,000	556,126
Cash in revolving fund	12,400	-	12,400	-
<b>Total cash and investments</b>	<b>\$ 42,094,496</b>	<b>\$ 70,471</b>	<b>\$ 42,164,967</b>	<b>\$ 556,126</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.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, *continued*  
 JUNE 30, 2017

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NOTE 2 – CASH AND INVESTMENTS (*continued*)

**B. Policies and Practices (*continued*)**

**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.

**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.

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2017

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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 \$42,169,246 and an amortized book value of \$42,147,567. The average weighted maturity for this pool is 231 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, 2017, 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, 2017, the District's bank balance was not exposed to custodial credit risk.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017

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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, 2017 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 42,169,246</u>
<b>Total fair market value of investments</b>	<u><b>\$ 42,169,246</b></u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017 consisted of the following:

	<b>General Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal Government				
Categorical aid	\$ 726,768	\$ -	\$ 147,106	\$ 873,874
State Government				
Apportionment	341,846	-	4,074	345,920
Categorical aid	334,941	-	90,059	425,000
Lottery	237,864	-	-	237,864
Local Government				
Other local sources	123,149	127,214	254,893	505,256
<b>Total</b>	<b>\$ 1,764,568</b>	<b>\$ 127,214</b>	<b>\$ 496,132</b>	<b>\$ 2,387,914</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Balance July 01, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,818,545	\$ -	\$ -	\$ 3,818,545
Construction in progress	57,186	757,369	-	814,555
Total Capital Assets not Being Depreciated	3,875,731	757,369	-	4,633,100
Capital assets being depreciated				
Land improvements	78,524,197	757,273	-	79,281,470
Buildings & improvements	164,559,470	209,023	-	164,768,493
Furniture & equipment	3,325,712	221,004	319,139	3,227,577
Total Capital Assets Being Depreciated	246,409,379	1,187,300	319,139	247,277,540
Less Accumulated Depreciation				
Land improvements	27,115,476	2,617,034	-	29,732,510
Buildings & improvements	62,945,736	4,754,005	-	67,699,741
Furniture & equipment	2,621,723	162,468	307,347	2,476,844
Total Accumulated Depreciation	92,682,935	7,533,507	307,347	99,909,095
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 157,602,175</b>	<b>\$ (5,588,838)</b>	<b>\$ 11,792</b>	<b>\$ 152,001,545</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

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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, 2017 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 3,270,002	\$ 825,746	\$ 4,095,748
Special Reserve Fund for Capital Outlay Projects	246,376	-	-	246,376
Non-Major Governmental Funds	58,517	-	-	58,517
<b>Total Due From Other Funds</b>	<b>\$ 304,893</b>	<b>\$ 3,270,002</b>	<b>\$ 825,746</b>	<b>\$ 4,400,641</b>

Due from the Adult Education Fund to the General Fund for program support.	\$ 434
Due from the Cafeteria Fund to the General Fund for indirect costs.	58,083
Due from the Special Reserve Fund for Capital Outlay Projects to the General Fund for excess growth related expenditures.	246,376
Due from the General Fund to the Adult Education Fund for program support.	249,914
Due from the General Fund to the Cafeteria Fund for program support.	16,199
Due from the General Fund to the Deferred Maintenance Fund for annual LCFF transfer.	357,000
Due from the Building Fund to the General Fund for excess.	(50)
Due from the General Fund to the Capital Facilities Fund for special education expansion.	202,683
Due from the General Fund to the Special Reserve Fund for Capital Outlay for growth related expenses.	3,270,002
<b>Total</b>	<b>\$ 4,400,641</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>		
	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ 3,270,000	\$ 720,317	\$ 3,990,317
<b>Total Interfund Transfers</b>	<b>\$ 3,270,000</b>	<b>\$ 720,317</b>	<b>\$ 3,990,317</b>

Transfer from the General Fund to the Adult Education Fund for program support.	\$ 270,480
Transfer from the General Fund to the Cafeteria Fund for program support.	411,528
Transfer from the General Fund to the Capital Facilities Fund for growth related expenditures.	38,309
Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects for growth related expenditures.	3,270,000
<b>Total</b>	<b>\$ 3,990,317</b>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2017 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Funds	District-Wide	Total Governmental Activities
Payroll	\$ 1,751,041	\$ -	\$ 156,448	\$ -	\$ -	\$ 1,907,489
Construction	-	-	131,533	-	-	131,533
Vendors payable	1,102,983	1,214,783	287,036	2,000	-	2,606,802
Unmatured interest	-	-	-	-	2,235,958	2,235,958
Other liabilities	239,388	-	-	-	-	239,388
<b>Total</b>	<b>\$ 3,093,412</b>	<b>\$ 1,214,783</b>	<b>\$ 575,017</b>	<b>\$ 2,000</b>	<b>\$ 2,235,958</b>	<b>\$ 7,121,170</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2017 consisted of \$33 in the General Fund from federal sources.

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2017 consisted of the following:

	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 124,435,000	\$ -	\$ 7,340,000	\$ 117,095,000	\$ 7,410,000
Unamortized premium	16,921,214	-	1,228,607	15,692,607	1,228,607
Total general obligation bonds	141,356,214	-	8,568,607	132,787,607	8,638,607
Compensated absences	252,289	-	43,724	208,565	-
Solar equipment lease	2,404,815	-	177,488	2,227,327	190,050
Net pension liability	57,699,928	10,906,714	-	68,606,642	-
<b>Total</b>	<b>\$ 201,713,246</b>	<b>\$ 10,906,714</b>	<b>\$ 8,789,819</b>	<b>\$ 203,830,141</b>	<b>\$ 8,828,657</b>

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

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2017 amounted to \$208,565. This amount is included as part of long-term liabilities in the government-wide financial statements.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

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

**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 October 1, 2024.

The annual requirements for future lease payments were outstanding at June 30, 2017 were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 190,050	\$ 53,852	\$ 243,902
2019	203,147	49,080	252,227
2020	216,900	43,891	260,791
2021	231,131	38,538	269,669
2022	231,131	33,185	264,316
2023 - 2024	1,154,968	64,760	1,219,728
Total	<u>\$ 2,227,327</u>	<u>\$ 283,306</u>	<u>\$ 2,510,633</u>

**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:

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds</u>			<u>Bonds Outstanding June 30, 2017</u>
					<u>Outstanding July 01, 2016</u>	<u>Additions</u>	<u>Deductions</u>	
2006	9/12/2006	8/1/2031	4.00%-5.00%	\$ 79,920,000	\$ 2,670,000	\$ -	\$ 2,670,000	\$ -
2010R	6/24/2010	8/1/2027	0.50%-5.00%	48,210,000	36,960,000	-	2,720,000	34,240,000
2011R	12/29/2011	8/1/2028	2.00%-5.00%	36,460,000	30,790,000	-	1,950,000	28,840,000
2014R	11/25/2014	8/1/2031	1.00%-5.00%	55,120,000	54,015,000	-	-	54,015,000
					<u>\$ 124,435,000</u>	<u>\$ -</u>	<u>\$ 7,340,000</u>	<u>\$ 117,095,000</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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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, 2017 are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 7,410,000	\$ 5,366,300	\$ 12,776,300
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 - 2027	48,585,000	13,398,825	61,983,825
2028 - 2032	31,370,000	2,780,375	34,150,375
Total	\$ 117,095,000	\$ 39,626,775	\$ 156,721,775

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

D. Net Pension Liability

The District's beginning net pension liability was \$57,699,928 and increased by \$10,906,714 during the year ended June 30, 2017. The ending net pension liability at June 30, 2017 was \$68,606,642. See Note 11 for additional information regarding the net pension liability.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

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**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2017:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>					
Revolving cash	\$ 12,000	\$ -	\$ -	\$ 400	\$ 12,400
Stores inventory	-	-	-	17,396	17,396
Prepaid expenditures	104,116	-	-	1,294	105,410
Total non-spendable	116,116	-	-	19,090	135,206
<b>Restricted</b>					
Educational programs	2,187,861	-	-	371,283	2,559,144
Capital projects	-	3,926,770	-	-	3,926,770
Debt service	-	-	8,597,648	-	8,597,648
Total restricted	2,187,861	3,926,770	8,597,648	371,283	15,083,562
<b>Committed</b>					
Deferred maintenance	-	-	-	1,864,485	1,864,485
Total committed	-	-	-	1,864,485	1,864,485
<b>Assigned</b>					
2017-18 Deficit Reserve	5,034,406	-	-	-	5,034,406
2018-19 Partial Deficit Reserve	1,962,254	-	-	-	1,962,254
Site Carryovers	200,000	-	-	-	200,000
Textbook Adoptions	528,879	-	-	-	528,879
Instructional Technology	150,000	-	-	-	150,000
Curriculum Development	200,000	-	-	-	200,000
Instructional Coaching	400,000	-	-	-	400,000
14% Board Reserves	11,658,416	-	-	-	11,658,416
Special Reserve	6,530	-	-	-	6,530
Total assigned	20,140,485	-	-	-	20,140,485
<b>Unassigned</b>					
Reserve for economic uncertainties	2,498,233	-	-	-	2,498,233
Total unassigned	2,498,233	-	-	-	2,498,233
<b>Total</b>	<b>\$ 24,942,695</b>	<b>\$ 3,926,770</b>	<b>\$ 8,597,648</b>	<b>\$ 2,254,858</b>	<b>\$ 39,721,971</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, 2017**

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

**A. Plan Description and Contribution Information**

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.

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	30
Active plan members	456
Total*	<u>486</u>
 Number of participating employers	 1

\*As of June 30, 2015 actuarial study

**B. Funding Policy**

The District’s contribution is currently based on a project pay-as-you-go funding method, that is, benefits are payable when due.

As of June 30, 2017, the District has established a plan or equivalent through CalPERS CERBT that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

**C. Annual OPEB Cost and Net OPEB Obligation**

The District’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District’s net OPEB asset to the Plan:

Annual required contribution	\$ 505,711
Interest on net OPEB obligation (asset)	(4,552)
Adjustment to annual required contribution	6,943
Annual OPEB cost (expense)	<u>508,102</u>
Contributions made, including CERBT	(1,011,422)
Increase in net OPEB obligation (asset)	(503,320)
Net OPEB obligation (asset), beginning of the year	(101,159)
Net OPEB obligation (asset), end of the year	<u>\$ (604,479)</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for the year ended June 30, 2017 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Asset
2017	\$ 508,102	100%	\$ (604,479)
2016	\$ 505,621	100%	\$ (101,159)
2015	\$ 1,015,000	100%	\$ (23,355)

D. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2015	\$ 3,535,198	\$ 6,588,735	\$ 3,053,537	54%	\$ 42,205,342	7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation Date	6/30/2015
Actuarial Cost Method	Entry Age
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	22
Asset Valuation	Market Value
Actuarial Assumptions:	
Investment rate of return	7.3%
Discount rate	4.5%
Health care trend rate	5.0%
Inflation rate	3.0%

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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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	\$ 51,638,836	\$ 10,450,020	\$ 4,238,055	\$ 4,885,202
PERS Pension	16,967,806	7,183,106	512,130	2,882,496
<b>Total</b>	<b>\$ 68,606,642</b>	<b>\$ 17,633,126</b>	<b>\$ 4,750,185</b>	<b>\$ 7,767,698</b>

**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:

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 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

***CalSTRS 2% at 60***

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.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017**

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

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

**Benefits provided (continued)**

*CalSTRS 2% at 62*

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.

**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 2017, 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 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$4,394,096 for the year ended June 30, 2017.

**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 \$2,572,594 to CalSTRS.

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

At June 30, 2017, 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	\$	51,638,836
State's proportionate share of the net pension liability associated with the District		29,401,396
Total	\$	<u>81,040,232</u>

The net pension liability was measured as of June 30, 2016, 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, 2015, and rolling forward the total pension liability to June 30, 2016. 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, 2016, the District’s proportion was 0.064 percent, which was a decrease of 0.00192 from its proportion measured as of June 30, 2015.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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NOTE 11 – PENSION PLANS (continued)

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, 2017, the District recognized pension expense of \$4,885,202. In addition, the District recognized pension expense and revenue of \$5,245,891 for support provided by the State. At June 30, 2017, 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	\$ 4,105,262	\$ -
Differences between expected and actual experience	-	1,259,670
Changes in proportion and differences between District contributions and proportionate share of contributions	1,950,662	2,978,385
District contributions subsequent to the measurement date	4,394,096	-
	<u>\$ 10,450,020</u>	<u>\$ 4,238,055</u>

The \$4,394,096 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, 2018. 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>
2018	\$ 479,695	\$ 726,294
2019	479,695	726,294
2020	2,776,535	726,294
2021	1,929,865	726,294
2022	390,134	726,294
2023	-	606,585
	<u>\$ 6,055,924</u>	<u>\$ 4,238,055</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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NOTE 11 – PENSION PLANS (continued)

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, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield*	7.60%
Wage Inflation	3.75%

\* 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 RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

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. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13%	9.30%
Real Estate	13%	5.20%
Inflation Sensitive	4%	3.80%
Fixed Income	12%	0.30%
Absolute Return	9%	2.90%
Cash/Liquidity	2%	-1.00%
	<u>100%</u>	

\* 20-year geometric average

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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NOTE 11 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

**Discount rate**

The discount rate used to measure the total pension liability was 7.60 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 (7.60 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 7.60 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 74,319,930	\$ 51,638,836	\$ 32,801,237

**Pension plan fiduciary net position**

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

NOTE 11 – PENSION PLANS (continued)

**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 6.0% 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 2017 was 13.888% of annual payroll. Contributions to the plan from the District were \$2,014,593 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$16,967,806 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, and rolling forward the total pension liability to June 30, 2016. 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, 2016, the District's proportion was 0.086 percent, which was a decrease of 0.00409 percent from its proportion measured as of June 30, 2015.

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2017

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NOTE 11 – PENSION PLANS (continued)

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, 2017, the District recognized pension expense of \$2,882,496. At June 30, 2017, 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	\$ 2,632,858	\$ -
Differences between expected and actual experience	729,778	-
Changes in assumptions	-	509,782
Changes in proportion and differences between District contributions and proportionate share of contributions	1,805,877	2,348
District contributions subsequent to the measurement date	2,014,593	-
	<u>\$ 7,183,106</u>	<u>\$ 512,130</u>

The \$2,014,593 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, 2018. 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>
2018	\$ 1,402,696	\$ 265,958
2019	1,356,576	246,172
2020	1,722,088	-
2021	687,153	-
	<u>\$ 5,168,513</u>	<u>\$ 512,130</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017

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NOTE 11 – PENSION PLANS (continued)

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, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.65%
Wage Inflation	Varies by Entry Age and Service

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

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, 2015, valuation were 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 rounded down to the nearest one quarter of one percent.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

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

**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	51%	5.25%	5.71%
Global Debt Securities	20%	0.99%	2.43%
Inflation Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
	100%		

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

**Discount rate**

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	<b>1% Decrease (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>1% Increase (8.65%)</b>
District's proportionate share of the net pension liability	\$ 25,316,060	\$ 16,967,806	\$ 10,016,241

**Pension plan fiduciary net position**

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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2017**

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**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, 2017.

**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, 2017.

**C. Construction Commitments**

As of June 30, 2017, 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, 2017**

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

**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 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, 2017, the deferred amount on refunding was \$7,498,282.

**NOTE 15 – 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 current Superintendent has a loan outstanding of \$500,000, which is reported as non-current asset on the Statement of Net Position.

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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, 2017**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 57,410,115	\$ 57,252,889	\$ 57,789,172	\$ 536,283
Federal sources	1,051,645	1,172,842	1,089,075	(83,767)
Other state sources	3,910,395	3,892,385	5,505,350	1,612,965
Other local sources	12,470,168	13,102,203	15,376,611	2,274,408
<b>Total Revenues</b>	<b>74,842,323</b>	<b>75,420,319</b>	<b>79,760,208</b>	<b>4,339,889</b>
<b>EXPENDITURES</b>				
Certificated salaries	34,269,441	34,248,123	35,283,073	(1,034,950)
Classified salaries	10,007,409	9,912,527	10,018,095	(105,568)
Employee benefits	18,098,168	18,008,596	18,947,045	(938,449)
Books and supplies	2,336,064	3,919,348	3,376,633	542,715
Services and other operating expenditures	9,955,592	10,026,293	10,683,378	(657,085)
Capital outlay	112,700	344,803	356,165	(11,362)
Other outgo				
Excluding transfers of indirect costs	1,661,751	1,676,034	1,467,776	208,258
Transfers of indirect costs	(59,124)	(59,124)	(58,083)	(1,041)
<b>Total Expenditures</b>	<b>76,382,001</b>	<b>78,076,600</b>	<b>80,074,082</b>	<b>(1,997,482)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(1,539,678)</b>	<b>(2,656,281)</b>	<b>(313,874)</b>	<b>2,342,407</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	100,000	200,501	200,501	-
Transfers out	(744,402)	(882,820)	(3,200,317)	(2,317,497)
<b>Net Financing Sources (Uses)</b>	<b>(644,402)</b>	<b>(682,319)</b>	<b>(2,999,816)</b>	<b>(2,317,497)</b>
<b>NET CHANGE IN FUND BALANCE</b>				
<b>Fund Balance - Beginning</b>	<b>28,249,855</b>	<b>28,249,855</b>	<b>28,249,855</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 26,065,775</b>	<b>\$ 24,911,255</b>	<b>\$ 24,936,165</b>	<b>\$ 24,910</b>

\* 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 Fund for Capital Outlay in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
June 30, 2015	\$ 3,535,198	\$ 6,588,735	\$ 3,053,537	54%	\$ 42,205,342	7%
June 30, 2013	\$ 2,241,000	\$ 8,427,000	\$ 6,186,000	27%	\$ 33,967,000	18%
June 30, 2011	\$ 1,385,000	\$ 5,277,000	\$ 3,892,000	26%	\$ 30,859,000	13%

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, 2017**

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.064%	0.066%	0.062%
District's proportionate share of the net pension liability	\$ 51,638,836	\$ 44,433,840	\$ 36,230,940
State's proportionate share of the net pension liability associated with the District	29,401,396	23,256,187	21,877,806
Total	<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
District's proportionate share of the net pension liability as a percentage of its covered payroll	146.4%	146.6%	128.8%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	74.0%	76.5%

See accompanying note to required supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
- CALPERS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.086%	0.090%	0.088%
District's proportionate share of the net pension liability	\$ 16,967,806	\$ 13,266,088	\$ 1,003,552
District's covered payroll	\$ 10,107,999	\$ 14,848,220	\$ 14,084,784
District's proportionate share of the net pension liability as a percentage of its covered payroll	167.9%	89.3%	7.1%
Plan fiduciary net position as a percentage of the total pension liability	73.9%	79.4%	83.4%

See accompanying note to required supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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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 Funding Progress**

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered 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.

**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.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2017**

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

For the year ended June 30, 2017, 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:.

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Certificated salaries	\$ 34,248,123	\$ 35,283,073	\$ 1,034,950
Classified salaries	\$ 9,912,527	\$ 10,018,095	\$ 105,568
Employee benefits	\$ 18,008,596	\$ 18,947,045	\$ 938,449
Services and other operating expenditures	\$ 10,026,293	\$ 10,683,378	\$ 657,085
Capital outlay	\$ 344,803	\$ 356,165	\$ 11,362

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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, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected Adult Education	84.010	14329	\$ 190,807
Adult Education: Adult Basic Education & ESL	84.002A	14508	62,434
Adult Education: Adult Secondary Education	84.002	13978	10,433
Adult Education: English Literacy and Civics Education	84.002A	14109	19,672
Subtotal Adult Education			<u>92,539</u>
Title II, Part A, Teacher Quality	84.367	14341	96,556
Title III			
Title III, English Learner Student Program	84.365	14346	5,307
Title III, Immigrant Education Program	84.365	15146	3,612
Subtotal Title III			<u>8,919</u>
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	598,145
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	101,326
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	21,401
Subtotal Special Education Cluster			<u>720,872</u>
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	71,921
<b>Total U. S. Department of Education</b>			<u>1,181,614</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	29,329
School Breakfast Program - Needy	10.553	13526	12,237
National School Lunch Program	10.555	13391	81,477
Subtotal Child Nutrition Cluster			<u>123,043</u>
<b>Total U. S. Department of Agriculture</b>			<u>123,043</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,304,657</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
 FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
Ninth through Twelfth		
Regular ADA	4,457.65	4,394.10
Extended Year Special Education	23.34	22.54
Special Education - Nonpublic Schools	3.11	3.11
Total Ninth through Twelfth	<u>4,484.10</u>	<u>4,419.75</u>
TOTAL SCHOOL DISTRICT	<u>4,484.10</u>	<u>4,419.75</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2017**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2016-17 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Grade 9	64,800	64,920	180	Complied
Grade 10	64,800	64,920	180	Complied
Grade 11	64,800	64,920	180	Complied
Grade 12	64,800	64,920	180	Complied

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

	2018 (Budget)	2017	2016	2015
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 80,834,919	\$ 79,960,709	\$ 79,013,906	\$ 68,597,935
Expenditures And Other Financing Uses	85,217,090	83,274,399	77,799,817	67,608,512
Net change in Fund Balance	\$ (4,382,171)	\$ (3,313,690)	\$ 1,214,089	\$ 989,423
Ending Fund Balance	\$ 20,553,994	\$ 24,936,165	\$ 28,249,855	\$ 27,035,766
Available Reserves*	\$ 11,829,668	\$ 2,498,233	\$ 13,139,500	\$ 2,028,256
Available Reserves As A Percentage Of Outgo	13.88%	3.00%	16.89%	3.00%
Long-term Debt	\$ 195,001,484	\$ 203,830,141	\$ 201,713,246	\$ 197,336,446
Average Daily Attendance At P-2	4,740	4,484	4,243	3,955

The General Fund balance has decreased by \$2,099,601 over the past two years. The fiscal year 2017-18 budget projects a further decrease of \$4,382,171. 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 surpluses in two of the past three years but anticipates incurring an operating deficit during the 2017-18 fiscal year. Total long term obligations have increased by \$6,493,695 over the past two years.

Average daily attendance has increased by 529 ADA over the past two years. An increase of 256 ADA is anticipated during the 2017-18 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.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>General Fund</b>	<b>Special Reserve Fund for Other than Capital Outlay</b>
June 30, 2017, annual financial and budget report fund balance	\$ 24,936,165	\$ 6,530
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	6,530	(6,530)
Net adjustments and reclassifications	6,530	(6,530)
June 30, 2017, audited financial statement fund balance	<u>\$ 24,942,695</u>	<u>\$ -</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 JUNE 30, 2017**

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 3,322	\$ 7,088	\$ 1,485,579	\$ 50,931	\$ 50	\$ 854	\$ 1,547,824
Accounts receivable	361,137	110,571	-	-	-	24,424	496,132
Due from other funds	249,914	16,199	357,000	-	(50)	202,683	825,746
Stores inventory	-	17,396	-	-	-	-	17,396
Prepaid expenditures	1,294	-	-	-	-	-	1,294
<b>Total Assets</b>	<b>\$ 615,667</b>	<b>\$ 151,254</b>	<b>\$ 1,842,579</b>	<b>\$ 50,931</b>	<b>\$ -</b>	<b>\$ 227,961</b>	<b>\$ 2,888,392</b>
<b>LIABILITIES</b>							
Accrued liabilities	\$ 140,148	\$ 75,375	\$ 131,533	\$ -	\$ -	\$ 227,961	\$ 575,017
Due to other funds	434	58,083	-	-	-	-	58,517
<b>Total Liabilities</b>	<b>140,582</b>	<b>133,458</b>	<b>131,533</b>	<b>-</b>	<b>-</b>	<b>227,961</b>	<b>633,534</b>
<b>FUND BALANCES</b>							
Non-spendable	1,294	17,796	-	-	-	-	19,090
Restricted	320,352	-	-	50,931	-	-	371,283
Committed	153,439	-	1,711,046	-	-	-	1,864,485
<b>Total Fund Balances</b>	<b>475,085</b>	<b>17,796</b>	<b>1,711,046</b>	<b>50,931</b>	<b>-</b>	<b>-</b>	<b>2,254,858</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 615,667</b>	<b>\$ 151,254</b>	<b>\$ 1,842,579</b>	<b>\$ 50,931</b>	<b>\$ -</b>	<b>\$ 227,961</b>	<b>\$ 2,888,392</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, 2017**

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>							
LCFF sources	\$ -	\$ -	\$ 357,000	\$ -	\$ -	\$ -	\$ 357,000
Federal sources	73,844	123,043	-	-	-	-	196,887
Other state sources	778,619	8,738	-	-	-	-	787,357
Other local sources	795,208	676,824	6,886	240	-	140,904	1,620,062
<b>Total Revenues</b>	<b>1,647,671</b>	<b>808,605</b>	<b>363,886</b>	<b>240</b>	<b>-</b>	<b>140,904</b>	<b>2,961,306</b>
<b>EXPENDITURES</b>							
Current							
Instruction	350,078	-	-	-	-	-	350,078
Instruction-related services							
School site administration	408,961	-	-	-	-	-	408,961
Pupil services							
Food services	-	1,180,544	-	-	-	-	1,180,544
General administration							
All other general administration	-	58,083	-	-	-	2,974	61,057
Plant services	-	-	140,805	-	-	165,444	306,249
Facilities acquisition and maintenance	-	-	247,565	-	-	10,795	258,360
Community services	874,846	-	-	-	-	-	874,846
<b>Total Expenditures</b>	<b>1,633,885</b>	<b>1,238,627</b>	<b>388,370</b>	<b>-</b>	<b>-</b>	<b>179,213</b>	<b>3,440,095</b>
<b>Excess (Deficiency) of Revenues</b>							
<b>Over Expenditures</b>	<b>13,786</b>	<b>(430,022)</b>	<b>(24,484)</b>	<b>240</b>	<b>-</b>	<b>(38,309)</b>	<b>(478,789)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	270,480	411,528	-	-	-	38,309	720,317
<b>Net Financing Sources (Uses)</b>	<b>270,480</b>	<b>411,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,309</b>	<b>720,317</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>284,266</b>	<b>(18,494)</b>	<b>(24,484)</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>241,528</b>
<b>Fund Balance - Beginning</b>	<b>190,819</b>	<b>36,290</b>	<b>1,735,530</b>	<b>50,691</b>	<b>-</b>	<b>-</b>	<b>2,013,330</b>
<b>Fund Balance - Ending</b>	<b>\$ 475,085</b>	<b>\$ 17,796</b>	<b>\$ 1,711,046</b>	<b>\$ 50,931</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,254,858</b>

See accompanying note to supplementary information.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2017**

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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>
Laura Anderson	President	2018
Leslie Lundgren	Clerk	2020
Barbra Owens	Member	2020
Michael Futterman	Member	2018
Chuck Ford	Member	2018

**DISTRICT ADMINISTRATORS**

David Yoshihara, Ed.D  
*Superintendent*

Tara Taupier, Ed.S.  
*Assistant Superintendent of Education Services*

Lars Christensen  
*Assistant Superintendent of Human Resources and Facilities*

Daniel Menyon  
*Senior Director of Fiscal Services*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2017**

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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 reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2017 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2017.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 1,285,962
Adult Education: Adult Basic Education & ESL	84.002A	<u>18,695</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 1,304,657</u>

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, 2017, the District participated in the Longer Day incentive funding program. As of June 30, 2017, 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, 2017

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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 Ash, CPA

Heather 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, 2017, 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 6, 2017.

**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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tamalpais Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Christy White Associates*

San Diego, California  
December 6, 2017

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 Ash, CPA

Heather 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, 2017. 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, 2017.

### **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.

*Christy White Associates*

San Diego, California  
December 6, 2017

## 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 *2016-17 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, 2017, 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 *2016-17 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 Ash, CPA

Heather Rubio

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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, 2017.

*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:

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
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	Yes
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
Mental Health Expenditures	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

*(Continued on the following page)*

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
After 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
Immunizations	Yes
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 6, 2017

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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, 2017**

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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>None Reported</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:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
<u>84.027, 84.027A</u>	<u>Special Education Cluster</u>	
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>None Reported</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, 2017**

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**FIVE DIGIT CODE**

20000

30000

**AB 3627 FINDING TYPE**

Inventory of Equipment

Internal Control

*There were no financial statement findings in 2016-17.*

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

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FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

*There were no federal award findings or questioned costs in 2016-17.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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

*There were no state award findings or questioned costs in 2016-17.*

TAMALPAIS UNION HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

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*There were no prior audit findings or questioned costs for the year ended June 30, 2016.*