

**TAMALPAIS UNION  
HIGH SCHOOL DISTRICT  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2015**



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*For the Fiscal Year Ended June 30, 2015*  
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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
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 Tamalpais Union High School District, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1.I. to the basic financial statements, the District has changed its method for accounting and reporting for pensions during fiscal year 2014-15 due to the adoption of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27" and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68". The adoption of these standards required retrospective application resulting in a \$54,889,163 reduction of previously reported net position at July 1, 2014. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, budgetary comparison information on page 47, schedule of funding progress on page 48, schedule of proportionate share of the net pension liability on page 49, and schedule of contributions on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information on pages 53 to 59, including the schedule of expenditures of federal awards on page 57, are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 52 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.



Murrieta, California  
December 14, 2015

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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This discussion and analysis of Tamalpais Union High School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- Overall revenues were \$85.1 million, which was \$2.8 million more than expenses.
- The total cost of basic programs was \$82.3 million. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was just \$72.6 million.
- The District's long-term debt decreased by \$15.5 million.
- Second period (P2) average daily attendance (ADA) increased by 117, or 3.0%.

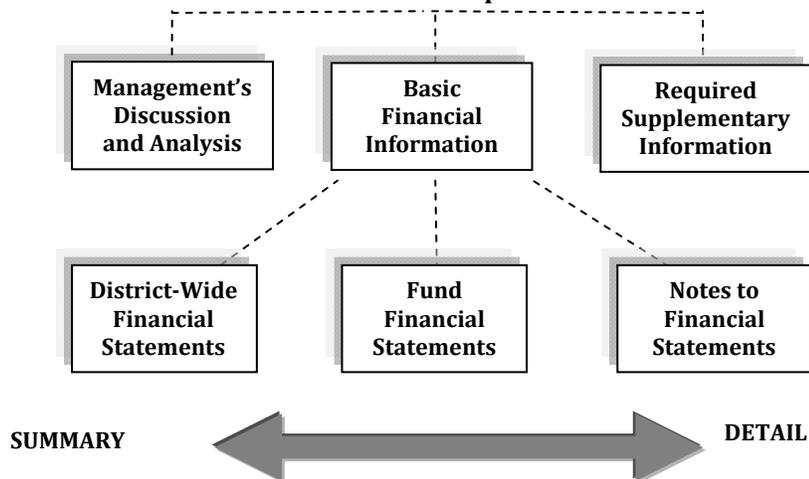
**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements*.
  - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

**Figure A-1. Organization of Tamalpais Union High School District's Annual Financial Report**

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2. Major Features of the District-Wide and Fund Financial Statements**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds	Instances in which the District administers resources on behalf of someone else, such as student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**District-Wide Statements**

The district-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 District'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 district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements 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. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- *Proprietary funds* – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for liability and property losses.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
For the Fiscal Year Ended June 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

**Net Position.** The District's combined net position was higher on June 30, 2015, than it was the year before – increasing to \$3.7 million (See Table A-1).

**Table A-1**

	<b>Governmental Activities (In millions)</b>		<b>Variance Increase (Decrease)</b>
	<b>2015</b>	<b>2014*</b>	
Current assets	\$ 46.6	\$ 46.8	\$ (0.2)
Capital assets	160.8	164.1	(3.3)
<b>Total assets</b>	<b>207.4</b>	<b>210.9</b>	<b>(3.5)</b>
<b>Total deferred outflows</b>	<b>13.1</b>	<b>8.7</b>	<b>4.4</b>
Current liabilities	6.9	5.8	1.1
Long-term liabilities	197.3	212.9	(15.5)
<b>Total liabilities</b>	<b>204.2</b>	<b>218.7</b>	<b>(14.5)</b>
<b>Total deferred inflows</b>	<b>12.6</b>	<b>-</b>	<b>12.6</b>
Net position			
Net investment in capital assets	10.5	12.4	(1.9)
Restricted	13.5	12.8	0.7
Unrestricted	(20.3)	(24.3)	4.0
<b>Total net position</b>	<b>\$ 3.7</b>	<b>\$ 0.9</b>	<b>\$ 2.8</b>

\* Restated

**Changes in net position, governmental activities.** The District's total revenues increased 5.2% to \$85.1 million (See Table A-2). The increase is due primarily to increased property tax revenues.

The total cost of all programs and services increased 5.2% to \$82.3 million. The District's expenses are predominantly related to educating and caring for students, 72.7%. The purely administrative activities of the District accounted for just 6.1% of total costs. A significant contributor to the increase in costs was from instructional services.

**Table A-2**

	<b>Governmental Activities (In millions)</b>		<b>Variance Increase (Decrease)</b>
	<b>2015</b>	<b>2014</b>	
Total Revenues	\$ 85.1	\$ 80.9	\$ 4.2
Total Expenses	82.3	78.2	4.1
Increase (decrease) in net position	\$ 2.8	\$ 2.7	\$ 0.1

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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**FINANCIAL ANALYSIS OF THE DISTRICT'S 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 \$42.3 million, which is below last year's ending fund balance of \$42.9 million. The primary cause of the decreased fund balance is from instruction based services.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$3.4 million primarily to reflect increased local community support.
- Books, supplies, services and other operating expenditures – increased \$4.1 million to re-budget carryover funds.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$2.4 million, the actual results for the year show that revenues exceeded expenditures by roughly \$0.6 million. Actual revenues were \$0.7 million more than anticipated, and expenditures were \$2.2 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2015 that will be carried over into the 2015-16 budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2014-15 the District had invested \$3.9 million in new capital assets, related to the District's ongoing modernization program. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded \$7.1 million.

**Table A-3: Capital Assets at Year End, Net of Depreciation**

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>(In millions)</b>		
	<b>2015</b>	<b>2014*</b>	
Land	\$ 3.8	\$ 3.8	\$ -
Improvement of sites	49.7	51.9	(2.2)
Buildings	103.9	105.9	(2.0)
Equipment	0.8	0.9	(0.1)
Construction in progress	2.6	1.6	1.0
<b>Total</b>	<b>\$ 160.8</b>	<b>\$ 164.1</b>	<b>\$ (3.3)</b>

*\*Restated*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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

**Long-Term Debt**

At year-end the District had \$197.3 million in general obligation bonds, net pension liabilities, and compensated absences – a decrease of \$15.5 million from last year – as shown in Table A-4. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

**Table A-4: Outstanding Long-Term Debt at Year-End**

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>(In millions)</b>		
	<b>2015</b>	<b>2014*</b>	
General obligation bonds	\$ 150.8	\$ 154.4	\$ (3.6)
Net pension liability	46.3	58.2	(11.9)
Compensated absences	0.2	0.2	-
<b>Total</b>	<b>\$ 197.3</b>	<b>\$ 212.8</b>	<b>\$ (15.5)</b>

*\*Restated*

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

In considering the District Budget for the 2015-16 year, the District Board and management used the following criteria:

- Enrollment was projected to increase by 281 students.
- Increase in Property Tax Revenue 7.1%.
- Teacher increase by 18 FTE.
- 3.0% salary increase for certificated plus a one-time 1% increase. Cost of Step & Column is 1.5% for Certificated and 1.76% for Classified.
- Health Benefits are budgeted to increase 0.7% effective October 1, 2015.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Assistant Superintendent, Finance & Facilities, at Tamalpais Union School District, PO Box 605, Larkspur, California 94977, or e-mail at [sswan@tamdistrict.org](mailto:sswan@tamdistrict.org).

**TAMALPAIS UNION HIGH SCHOOL DISTRICT***Statement of Net Position**June 30, 2015*

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	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 44,567,689
Accounts receivable	2,016,874
Inventories	9,383
Prepaid expenses	17,908
Net OPEB asset	23,355
Non-depreciable assets	6,435,268
Depreciable assets	239,872,311
Less accumulated depreciation	<u>(85,510,608)</u>
Total assets	<u>207,432,180</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions subsequent to measurement date	4,438,636
Deferred amount on refunding	<u>8,668,946</u>
Total deferred outflows of resources	<u>13,107,582</u>
<b>LIABILITIES</b>	
Accounts payable	6,828,372
Unearned revenue	29,567
Long-term debt:	
Portion due or payable within one year	9,504,661
Portion due or payable after one year	<u>187,831,785</u>
Total liabilities	<u>204,194,385</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Differences between projected and actual earnings on plan investments	12,370,128
Adjustment due to changes in proportionate share	<u>272,398</u>
Total deferred inflows of resources	<u>12,642,526</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,457,546
Restricted for:	
Capital projects	2,079,015
Debt service	9,893,589
Categorical and nutrition programs	1,533,596
Unrestricted	<u>(20,260,895)</u>
Total net position	<u>\$ 3,702,851</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2015*

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Instructional Services:				
Instruction	\$ 44,462,867	\$ 258,431	\$ 4,877,831	\$ (39,326,605)
Instruction-Related Services:				
Supervision of instruction	1,606,982	-	17,479	(1,589,503)
Instructional library, media and technology	2,065,870	-	29,859	(2,036,011)
School site administration	3,993,743	-	84,082	(3,909,661)
Pupil Support Services:				
Home-to-school transportation	156,343	-	16,642	(139,701)
Food services	1,162,567	598,573	135,764	(428,230)
All other pupil services	6,429,377	-	1,284,939	(5,144,438)
General Administration Services:				
Data processing services	1,720,507	-	374	(1,720,133)
Other general administration	3,291,115	5,862	242,503	(3,042,750)
Plant services	7,917,860	123,689	436,854	(7,357,317)
Ancillary services	2,275,776	52,129	228,976	(1,994,671)
Community services	1,123,965	146,557	517,250	(460,158)
Interest on long-term debt	4,890,721	-	-	(4,890,721)
Other outgo	1,227,104	127,759	502,954	(596,391)
Total Governmental Activities	\$ 82,324,797	\$ 1,313,000	\$ 8,375,507	(72,636,290)
<b>General Revenues:</b>				
Property taxes				71,970,674
Federal and state aid not restricted to specific purpose				2,464,794
Interest and investment earnings				65,624
Interagency revenues				52,573
Miscellaneous				856,921
Total general revenues				75,410,586
Change in net position				2,774,296
Net position - July 1, 2014, as originally stated				54,408,318
Adjustments for restatements				(53,479,763)
Net position - July 1, 2014, as restated				928,555
Net position - June 30, 2015				\$ 3,702,851

**TAMALPAIS UNION HIGH SCHOOL DISTRICT***Balance Sheet – Governmental Funds**June 30, 2015*

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	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 30,045,064	\$ 9,893,589	\$ 4,602,751	\$ 44,541,404
Accounts receivable	1,758,851	-	258,023	2,016,874
Due from other funds	183,192	-	557,144	740,336
Inventories	-	-	9,383	9,383
Prepaid expenditures	17,908	-	-	17,908
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 32,005,015	\$ 9,893,589	\$ 5,427,301	\$ 47,325,905
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,337,448	\$ -	\$ 940,623	\$ 4,278,071
Due to other funds	582,144	-	183,192	765,336
Unearned revenue	29,567	-	-	29,567
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	3,949,159	-	1,123,815	5,072,974
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balances</b>				
Nonspendable	29,908	-	9,783	39,691
Restricted	1,467,958	9,893,589	2,656,320	14,017,867
Committed	-	-	1,637,383	1,637,383
Assigned	24,529,734	-	-	24,529,734
Unassigned	2,028,256	-	-	2,028,256
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	28,055,856	9,893,589	4,303,486	42,252,931
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 32,005,015	\$ 9,893,589	\$ 5,427,301	\$ 47,325,905
	<hr/>	<hr/>	<hr/>	<hr/>

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2015

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**Total fund balances - governmental funds** \$ 42,252,931

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is:

Capital assets	246,307,579	
Accumulated depreciation	<u>(85,510,608)</u>	
Net capital assets		160,796,971

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements they are recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:

8,668,946

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 unmatured interest owing at the end of the period was:

(2,541,952)

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:

23,355

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds payable	150,860,875	
Net pension liability	46,266,492	
Compensated absences payable	<u>209,079</u>	
Total		(197,336,446)

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 and inflows of resources relating to pensions consist of:

Deferred outflows of resources	4,438,636	
Deferred inflows of resources	<u>(12,642,526)</u>	(8,203,890)

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 and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

42,936

**Total net position - governmental activities** \$ 3,702,851

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2015*

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 50,092,052	\$ -	\$ 357,000	\$ 50,449,052
Federal sources	1,074,866	-	192,785	1,267,651
Other state sources	3,108,653	64,981	154,151	3,327,785
Other local sources	14,766,572	13,542,271	1,358,556	29,667,399
	<u>69,042,143</u>	<u>13,607,252</u>	<u>2,062,492</u>	<u>84,711,887</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	38,200,528	-	227,374	38,427,902
Instruction-related services:				
Supervision of instruction	1,568,798	-	-	1,568,798
Instructional library, media and technology	2,033,333	-	-	2,033,333
School site administration	3,487,836	-	344,898	3,832,734
Pupil support services:				
Home-to-school transportation	145,089	-	-	145,089
Food services	-	-	1,156,535	1,156,535
All other pupil services	6,122,578	-	-	6,122,578
Ancillary services	2,170,369	-	-	2,170,369
Community services	265,563	-	803,249	1,068,812
General administration services:				
Data processing services	1,725,452	-	-	1,725,452
Other general administration	3,152,179	-	-	3,152,179
Plant services	7,860,439	-	34,837	7,895,276
Transfers of indirect costs	(50,893)	-	50,893	-
Capital outlay	904,547	-	2,742,094	3,646,641
Intergovernmental transfers	893,671	-	-	893,671
Debt service:				
Issuance costs	-	333,433	-	333,433
Principal	-	6,680,000	-	6,680,000
Interest	-	5,653,862	-	5,653,862
	<u>68,479,489</u>	<u>12,667,295</u>	<u>5,359,880</u>	<u>86,506,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>562,654</u>	<u>939,957</u>	<u>(3,297,388)</u>	<u>(1,794,777)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	-	-	621,004	621,004
Interfund transfers out	(621,004)	-	-	(621,004)
Proceeds from refunding bonds	-	55,120,000	-	55,120,000
Premiums on refunding bonds	-	9,771,359	-	9,771,359
Return of housing loan	850,000	-	-	850,000
Transfer to escrow agent for defeased debt	-	(64,557,926)	-	(64,557,926)
	<u>228,996</u>	<u>333,433</u>	<u>621,004</u>	<u>1,183,433</u>
Total Other Financing Sources and Uses	<u>228,996</u>	<u>333,433</u>	<u>621,004</u>	<u>1,183,433</u>
Net Change in Fund Balances	791,650	1,273,390	(2,676,384)	(611,344)
Fund Balances, July 1, 2014	<u>27,264,206</u>	<u>8,620,199</u>	<u>6,979,870</u>	<u>42,864,275</u>
Fund Balances, June 30, 2015	<u>\$ 28,055,856</u>	<u>\$ 9,893,589</u>	<u>\$ 4,303,486</u>	<u>\$ 42,252,931</u>

*The notes to financial statements are an integral part of this statement.*

**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 Fiscal Year Ended June 30, 2015*

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**Total net change in fund balances - governmental funds** \$ (611,344)

Amounts reported for governmental *activities* in the statement of activities are different because:

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:	3,884,190	
Depreciation expense:	(7,175,857)	
Net:		(3,291,667)

In governmental funds, proceeds from loans are recognized as Other Financing Sources. In the government-wide statements, proceeds from loans are reported as a decrease to assets. Amounts recognized in governmental funds as proceeds from loans were: (850,000)

In governmental funds, repayment of principal on long-term liabilities is an expenditure. In the government-wide statements, repayments of debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 66,045,000

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium, were: (64,891,359)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the refunded bonds which have been defeased. In governmental funds these amounts are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between the current year amounts and the current year amortization is: 3,303,941

In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Premium amortized for the period is: 2,406,600

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 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: 245,528

In the statement of activities, certain operating expenses - compensated absences for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between the increase in the liabilities and the actual payments made during the year were: (14,544)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 418,780

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 activities in the statement of activities. The net increase in the internal service funds was: 13,361

**Total net change in net position - governmental activities** \$ 2,774,296

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Statement of Net Position – Proprietary Fund*  
*June 30, 2015*

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	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>	
Cash	\$ 26,285
Due from other funds	25,000
	<hr/>
Total Assets	51,285
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	8,349
	<hr/>
<b>NET POSITION</b>	
Restricted	\$ 42,936
	<hr/> <hr/>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2015*

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	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Other local revenues	\$ 31,122
<b>OPERATING EXPENSES</b>	
Services and other operating expenditures	17,811
Operating Income (Loss)	13,311
<b>NON-OPERATING REVENUES</b>	
Interest income	50
Change in Net Position	13,361
Net Postion, July 1, 2014	29,575
Net Position, June 30, 2015	\$ 42,936

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Statement of Cash Flows – Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2015*

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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	6,122
Cash payments for operating expenses	<u>(9,825)</u>
Net cash provided (used) by operating activities	(3,703)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>50</u>
Net decrease in cash	(3,653)
Cash, July 1, 2014	<u>29,938</u>
Cash, June 30, 2015	<u><u>\$ 26,285</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>	
Operating income (loss)	<u>\$ 13,311</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase in due from other funds	(25,000)
Increase in accounts payable	<u>7,986</u>
Net cash provided (used) by operating activities	<u><u>\$ (3,703)</u></u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Statement of Fiduciary Net Position*  
*June 30, 2015*

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	<b>Agency Funds</b>
	<b>Student Body Funds</b>
<b>Assets</b>	
Cash	\$ 600,166
Inventory	14,141
Web store clearing	10,465
Total assets	<u>\$ 624,772</u>
<b>Liabilities</b>	
Web store clearing	19,313
Due to student groups	605,459
Total liabilities	<u>\$ 624,772</u>

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tamalpais Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

#### A. Reporting Entity

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 Tamalpais Union High School District, this includes general operations, food service, and student related activities of the District.

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 identified no organizations that are required to be reported as component units.

#### B. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

###### Government-Wide Financial 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 revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

###### Fund Financial Statements

The fund financial statements provide information about the District's funds, including its 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.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 1. Basis of Presentation (continued)

###### **Fund Financial Statements (continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

###### **Major Governmental Funds**

The District maintains the following major governmental funds:

**General Fund:** This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains a Special Reserve Fund for Other Than Capital Outlay Projects, which is not substantially composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the General Fund.

**Bond Interest and Redemption Fund:** This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

###### **Non-Major Governmental Funds**

The District maintains the following non-major governmental funds:

###### **Special Revenue Funds:**

**Adult Education Fund:** This fund is used to account for resources committed to adult education programs maintained by the District.

**Cafeteria Fund:** This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

**Deferred Maintenance Fund:** This fund is used to account for resources committed to major repair or replacement of District property.

**Foundation Special Revenue Fund:** This fund is used to account for resources received from local donations.

###### **Capital Projects Funds:**

**Building Fund:** This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

**Special Reserve Fund for Capital Outlay Projects:** This fund is used to account for funds set aside for Board designated construction projects.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 1. Basis of Presentation (continued)

###### **Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

**Internal Service Funds:** The funds are used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund, the Self-Insurance Fund, which is used to account for resources committed to the District's self-insured property and liability insurance program.

###### **Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary fund:

**Agency Funds:** The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

##### 2. Measurement Focus, Basis of Accounting

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

###### **Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 3. Revenues - Exchange and Non-Exchange Transactions

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

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

#### C. 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 budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

#### D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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

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

**1. Cash and Cash Equivalents**

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**2. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**3. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 years
Furniture and Equipment	2-15 years
Vehicles	7 years

**4. 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 combined 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.

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position 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. The District has two items that qualify for reporting in this category. The first item is to recognize contributions made to the pension plan after the measurement date of the net pension liability. The second is deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

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

##### 5. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position 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 will not be recognized as an inflow of resources (revenue) until that time. The District has two items that are reported as deferred inflows of resources. Those items are to recognize the District's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

##### 6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

##### 7. Pensions

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

##### 8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

**Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

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

##### 8. Fund Balances (continued)

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

##### 9. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

#### F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

#### G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

#### H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

#### I. New GASB Pronouncements

During the 2014-15 fiscal year, the following GASB Pronouncements became effective:

**1. Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 (Issued 06/12)***

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

#### **Cost-Sharing Employers**

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

#### I. New GASB Pronouncements (continued)

##### 1. Statement No. 68 (continued)

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

##### 2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68 (Issued 11/13)*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net position liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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

#### I. New GASB Pronouncements (continued)

##### 3. Cumulative Effect of Change in Accounting Principle

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards was to decrease the net position at July 1, 2013 by \$54,889,163, which is the amount of net pension liability, net of the deferred outflows of resources related to pensions at July 1, 2014.

### NOTE 2 – CASH

Cash at June 30, 2015, is reported at fair value and consisted of the following:

	Governmental Activities			Fiduciary Funds
	Governmental Funds	Proprietary Fund	Total	
Pooled Funds:				
Cash in county treasury	\$ 44,472,623	\$ 26,285	\$ 44,498,908	\$ -
Deposits:				
Cash on hand and in banks	56,381	-	56,381	600,166
Cash in revolving fund	12,400	-	12,400	-
Total Deposits	68,781	-	68,781	600,166
Total Cash	\$ 44,541,404	\$ 26,285	\$ 44,567,689	\$ 600,166

#### Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2015, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 2 – CASH (continued)

#### Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2015, \$137,714 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015, consisted of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government:			
Categorical aid programs	\$ 394,272	\$ 71,294	\$ 465,566
State Government:			
LCFF sources	1,460	-	1,460
Lottery	408,200	-	408,200
Categorical aid programs	392,656	-	392,656
Local:			
Special education	64,003	-	64,003
Other local sources	314,402	186,729	501,131
Miscellaneous	183,858	-	183,858
Total	<u>\$ 1,758,851</u>	<u>\$ 258,023</u>	<u>\$ 2,016,874</u>

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 4 - INTERFUND TRANSACTIONS

#### A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2015, consisted of the following:

	Due From Other Funds			Self-Insurance Fund
	General Fund	Non-Major Governmental Funds	Total Governmental Funds	
General Fund	\$ -	\$ 557,144	\$ 557,144	25,000
Non-Major Governmental Funds	183,192	-	183,192	-
Total	<u>\$ 183,192</u>	<u>\$ 557,144</u>	<u>\$ 740,336</u>	<u>25,000</u>
General Fund due to Self-Insurance Fund for deductibles				\$ 25,000
General Fund due to Special Reserve for Capital Outlay Projects Fund for contribution				95,000
General Fund due to Deferred Maintenance Fund for contribution				357,000
General Fund due to Adult Education Fund for lottery contribution				105,144
Adult Education Fund due to General Fund to adjust contribution and for indirect charges				161,296
Cafeteria Fund due to General Fund to adjust contribution				21,896
Total				<u>\$ 765,336</u>

#### B. Transfers To/From Other Funds

Transfers to/from other funds during the year ended June 30, 2015, consisted of the following:

General Fund transfer to Adult Education Fund for community education contribution	\$ 120,951
General Fund transfer to Cafeteria Fund for service contribution	405,053
General Fund transfer to Special Reserve Fund for Capital Outlay Projects for contribution to special reserve	95,000
Total	<u>\$ 621,004</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT***Notes to Financial Statements**June 30, 2015*

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**NOTE 5 – FUND BALANCES**

At June 30, 2015, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 12,000	\$ -	\$ 400	\$ 12,400
Stores inventories	-	-	9,383	9,383
Prepaid expenditures	17,908	-	-	17,908
Total Nonspendable	<u>29,908</u>	<u>-</u>	<u>9,783</u>	<u>39,691</u>
Restricted:				
Categorical programs	1,467,958	-	55,855	1,523,813
Capital projects	-	-	2,600,465	2,600,465
Debt service	-	9,893,589	-	9,893,589
Total Restricted	<u>1,467,958</u>	<u>9,893,589</u>	<u>2,656,320</u>	<u>14,017,867</u>
Committed:				
Adult education program	-	-	109,769	109,769
Deferred maintenance program	-	-	1,527,614	1,527,614
Total Committed	<u>-</u>	<u>-</u>	<u>1,637,383</u>	<u>1,637,383</u>
Assigned:				
Prior year designations to cover future deficit	3,272,688	-	-	3,272,688
Economic uncertainty - Basic Aid	18,983,663	-	-	18,983,663
Economic uncertainty - 3% required	59,894	-	-	59,894
Carryover	283,758	-	-	283,758
Athletic Field	270,000	-	-	270,000
2014-15 Surplus to cover future deficits	639,641	-	-	639,641
Other designations	1,020,090	-	-	1,020,090
Total Assigned	<u>24,529,734</u>	<u>-</u>	<u>-</u>	<u>24,529,734</u>
Unassigned:				
Reserve for economic uncertainties	2,028,256	-	-	2,028,256
Total Unassigned	<u>2,028,256</u>	<u>-</u>	<u>-</u>	<u>2,028,256</u>
Total	<u>\$ 28,055,856</u>	<u>\$ 9,893,589</u>	<u>\$ 4,303,486</u>	<u>\$ 42,252,931</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2015*

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**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Adjustment for Restatement	Restated Balance, July 1, 2014	Additions	Retirements	Balance, June 30, 2015
Capital assets not being depreciated:						
Land	\$ 2,409,145	\$ 1,409,400	\$ 3,818,545	\$ -	\$ -	\$ 3,818,545
Construction in progress	1,561,465	-	1,561,465	2,337,573	1,282,315	2,616,723
Total capital assets not being depreciated	<u>3,970,610</u>	<u>1,409,400</u>	<u>5,380,010</u>	<u>2,337,573</u>	<u>1,282,315</u>	<u>6,435,268</u>
Capital assets being depreciated:						
Improvement of sites	74,324,691	-	74,324,691	186,655	-	74,511,346
Buildings	159,547,429	-	159,547,429	2,553,163	-	162,100,592
Equipment	3,171,259	-	3,171,259	89,114	-	3,260,373
Total capital assets being depreciated	<u>237,043,379</u>	<u>-</u>	<u>237,043,379</u>	<u>2,828,932</u>	<u>-</u>	<u>239,872,311</u>
Accumulated depreciation for:						
Improvement of sites	(22,413,561)	-	(22,413,561)	(2,393,783)	-	(24,807,344)
Buildings	(53,619,309)	-	(53,619,309)	(4,616,479)	-	(58,235,788)
Equipment	(2,301,881)	-	(2,301,881)	(165,595)	-	(2,467,476)
Total accumulated depreciation	<u>(78,334,751)</u>	<u>-</u>	<u>(78,334,751)</u>	<u>(7,175,857)</u>	<u>-</u>	<u>(85,510,608)</u>
Total capital assets being depreciated, net	<u>158,708,628</u>	<u>-</u>	<u>158,708,628</u>	<u>(4,346,925)</u>	<u>-</u>	<u>154,361,703</u>
Governmental activity capital assets, net	<u>\$ 162,679,238</u>	<u>\$ 1,409,400</u>	<u>\$ 164,088,638</u>	<u>\$ (2,009,352)</u>	<u>\$ 1,282,315</u>	<u>\$ 160,796,971</u>

Depreciation expense was charged as a direct expense to the following functions:

Instruction	\$ 5,589,161
Instructional Supervision and Administration	85,785
Instructional Library, Media and Technology	39,912
School Site Administration	232,518
Home-to-School Transportation	11,254
Food Services	47,825
All Other Pupil Services	273,185
Ancillary Services	99,904
Community Services	81,290
All Other General Administration	225,375
Centralized Data Processing	83,389
Plant Services	406,259
Total Depreciation Expense	<u>\$ 7,175,857</u>

**NOTE 7 – TAX ANTICIPATION NOTES**

On July 7, 2014, the board approved Tax Anticipation Notes not to exceed \$10,000,000 from funds in custody of the Treasurer of the County of Marin for meeting obligations incurred for maintenance purposes for the 2014-15 fiscal year.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 8 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015, were as follows:

	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 143,535,000	\$ 55,120,000	\$ 66,045,000	\$ 132,610,000	\$ 8,175,000
Unamortized Issuance Premium	10,886,116	9,771,359	2,406,600	18,250,875	1,329,661
Total General Obligation Bonds	154,421,116	64,891,359	68,451,600	150,860,875	9,504,661
Net Pension Liability	58,240,499	-	11,974,007	46,266,492	-
Compensated Absences	194,535	14,544	-	209,079	-
Totals	\$ 212,856,150	\$ 64,905,903	\$ 80,425,607	\$ 197,336,446	\$ 9,504,661

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences will be paid for by the fund for which the employee worked.

#### A. General Obligation Bonds

##### Election of 2001

An election was held on March 6, 2001, at which more than two-thirds of the voters in the District authorized the issuance and sale of \$121.0 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to enhance the quality of education through facility modernization and technology upgrades; ensure safety for students, staff, and community users; remove asbestos; renovate and build classrooms and student facilities; replace inadequate electrical, roofing, heating/ventilation and plumbing; improve disabled access and earthquake safety, and rehabilitate athletic facilities.

##### Election of 2006

An election was held on June 6, 2006, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of \$79.9 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used complete District-wide facility modernization program, including technology upgrades and classroom renovation and reconstruction, and bring all facilities up to District standards.

##### 2010 General Election Obligation Refunding Bonds

On June 24, 2010, the District issued \$48,210,000 of 2010 General Obligation Refunding Bonds. The bonds consist of serial bonds bearing fixed rates ranging from 0.5% to 5.0% with annual maturities from February 2012 through August 2027. The net proceeds of \$54,190,245 (after issuance and underwriters discount costs of \$331,724, plus premium of \$6,119,129) were used to advance refund \$14,220,000 of the District's Election of 2001 General Obligation Bonds and \$37,250,000 of the Election of 2002 General Obligation Bonds, in addition to paying the costs of issuance associated with the refunding bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

## TAMALPAIS UNION HIGH SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 8 – GENERAL LONG-TERM DEBT (continued)

##### A. General Obligation Bonds (continued)

###### **2010 General Election Obligation Refunding Bonds (continued)**

Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$2,402,106 remain to be amortized. As of June 30, 2015, there was no principal balance outstanding on the defeased debt.

###### **2011 General Election Obligation Refunding Bonds**

On December 7, 2011, the District issued \$36,460,000 of 2011 General Obligation Refunding Bonds. The bonds consist of serial bonds bearing fixed rates ranging from 2.0% to 5.0% with annual maturities from February 2012 through August 2028. The net proceeds of \$41,734,776 (after issuance and underwriters discount costs of \$271,616, plus premium of \$5,546,391) were used to advance refund \$39,665,000 of the District's Election of 2001 Series 2004 General Obligation Bonds, in addition to paying the costs of issuance associated with the refunding bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$2,605,232 remain to be amortized. As of June 30, 2015, there was no principal balance outstanding on the defeased debt.

###### **2014 General Election Obligation Refunding Bonds**

On November 25, 2014, the District issued \$55,120,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 1.0% and 5.0% with annual maturities from August 1, 2015 through August 1, 2031. The net proceeds of \$64,557,926 (after premiums of \$9,771,359 and issuance costs and underwriter's discount of \$333,433) were used to prepay a portion of the District's outstanding Election of 2006, Series 2006 Bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2015 of \$3,661,608 remain to be amortized for this refunding. As of June 30, 2015, the principal balance outstanding on the defeased debt amounted to \$59,365,000.

The refunding decreased the District's total debt service payments by \$8,539,269. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$7,034,706.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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

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

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

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2014	Additions	Deductions	Advance Refundings	Balance, June 30, 2015
2006	8/22/2006	8/1/2031	4.00%-5.25%	\$ 79,920,000	\$ 67,060,000	\$ -	\$ 2,460,000	\$ 59,365,000	\$ 5,235,000
2010 Ref.	6/24/2010	8/1/2027	0.50%-5.00%	48,210,000	41,960,000	-	2,380,000	-	39,580,000
2011 Ref.	12/7/2011	8/1/2028	2.00%-5.00%	36,460,000	34,515,000	-	1,840,000	-	32,675,000
2014 Ref.	11/25/2014	8/1/2031	1.00% - 5.00%	55,120,000	-	55,120,000	-	-	55,120,000
				<u>\$ 219,710,000</u>	<u>\$ 143,535,000</u>	<u>\$ 55,120,000</u>	<u>\$ 6,680,000</u>	<u>\$ 59,365,000</u>	<u>\$ 132,610,000</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2015, are as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ 8,175,000	\$ 5,996,356	\$ 14,171,356
2016-17	7,340,000	5,686,313	13,026,313
2017-18	7,410,000	5,366,300	12,776,300
2018-19	7,690,000	5,045,700	12,735,700
2019-20	7,960,000	4,731,250	12,691,250
2020-25	41,860,000	17,794,375	59,654,375
2025-30	42,655,000	6,304,550	48,959,550
2030-32	9,520,000	384,600	9,904,600
	<u>\$ 132,610,000</u>	<u>\$ 51,309,444</u>	<u>\$ 183,919,444</u>

## TAMALPAIS UNION HIGH SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 9 - JOINT VENTURES

The Tamalpais Union High School District participates in two joint ventures under separate joint powers agreements (JPA), with the Marin Schools Insurance Authority (MSIA) and the Marin Pupil Transportation Agency (MPTA). The relationship between the Tamalpais Union High School District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The Marin Schools Insurance Authority arranges for and provide workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

The Marin Pupil Transportation Agency provides transportation services for students within member district borders through state entitlements and fees paid by member districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board.

Condensed audited financial information for the year ended June 30, 2014, is as follows:

	MSIA	MPTA
Assets	\$ 25,150,985	\$ 475,216
Liabilities	17,821,466	352,701
Net Position	<u>\$ 7,329,519</u>	<u>\$ 122,515</u>
Revenues	\$ 12,436,284	\$ 2,540,062
Expenses	10,407,758	2,539,846
Operating Income (Loss)	2,028,526	216
Non-Operating Income	223,023	-
Change in Net Position	<u>\$ 2,251,549</u>	<u>\$ 216</u>

## TAMALPAIS UNION HIGH SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2015*

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#### **NOTE 10 – COMMITMENTS AND CONTINGENCIES**

##### **A. State and Federal Allowances, Awards, and Grants**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

##### **B. Construction Commitments**

At June 30, 2015, the District had commitments with respect to unfinished capital projects of approximately \$3.9 million to be paid from state and local funds.

##### **C. Litigation**

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2015.

#### **NOTE 11 – RISK MANAGEMENT**

##### **Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District participated in the MSIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

##### **Workers' Compensation**

For fiscal year 2015, the District participated in the MSIA public entity risk pool for workers compensation, with excess commercial coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

##### **Employee Medical Benefits**

The District has contracted with Self-Insured Schools of California to provide employee medical benefits through Kaiser and Blue Shield. Additional dental and vision benefits are provided through the MSIA public entity risk pool.

## TAMALPAIS UNION HIGH SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 12 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension 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 California Public Employees' Retirement System (CalPERS).

##### A. General Information about the Pension Plans

###### Plan Descriptions

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. Benefit provisions under the Plan are established by State statute and District resolution. CalSTRS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalSTRS website.

The District also 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. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

###### Benefits Provided

CalSTRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of final compensation for each year of credited service at age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, increasing to a maximum of 2.4 percent at age 63 for members under *CalSTRS 2% at 60*, or age 65 for members under *CalSTRS 2% at 62*. The normal retirement eligibility requirements are age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, with a minimum of five years of service credited under the Defined Benefit Program, which can include service purchased from teaching in an out-of-state or foreign public school. Employees are eligible for service-related disability benefits after five years of service, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year. Disability benefits are equal to fifty percent of final compensation regardless of age and service credit. Designated recipients of CalSTRS retired members receive a \$6,163 lump-sum death payment. There is a 2 percent simple increase each September 1 following the first anniversary of the date on which the monthly benefit began to accrue. The annual 2 percent increase is applied to all continuing benefits other than Defined Benefit Supplement annuities. However, if the member retires with a Reduced Benefit Election, the increase does not begin to accrue until the member reaches age 60 and is not payable until the member receives the full benefit. This increase is also known as the improvement factor.

CalPERS also provides retirement, disability, and death benefits. Retirement benefits are determined as 1.1 percent of final compensation for each year of credited service at age 50 for members under *2% at 55*, or 1.0 percent at age 52 for members under *2% at 62*, increasing to a maximum of 2.5 percent at age 63 for members under *2% at 55*, or age 67 for members under *2% at 62*. To be eligible for service retirement, members must be at least age 50 and have a minimum of five years of CalPERS-credited service. Members joining on or after January 1, 2013 must be at least age 52. Disability retirement has no minimum age requirement and the disability does not have to be job related. However, members must have a minimum of five years of CalPERS service credit.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 12 – PENSION PLANS (continued)

#### A. General Information about the Pension Plans (continued)

##### Benefits Provided (continued)

Pre-retirement death benefits range from a simple return of member contributions plus interest to a monthly allowance equal to half of what the member would have received at retirement paid to a spouse or domestic partner. To be eligible for any type of monthly pre-retirement death benefit, a spouse or domestic partner must have been either married to the member or legally registered before the occurrence of the injury or the onset of the illness that resulted in death, or for at least one year prior to death. Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for all United States cities. Cost-of-living adjustments are paid the second calendar year of the member's retirement on the May 1 check and then every year thereafter. The standard cost-of-living adjustment is a maximum of 2 percent per year.

##### Contributions

Active CalSTRS plan members were required to contribute 8.15% of their salary in 2014-15. The required employer contribution rate for fiscal year 2014-15 was 8.88% of annual payroll. The contribution requirements of the plan members are established by State statute. Active CalPERS plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The required employer contribution for fiscal year 2014-15 was 11.771%. The contribution requirements of the plan members are established by State statute.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	CalSTRS	CalPERS
Employer contributions	\$ 2,673,300	\$ 1,193,693
Employee contributions paid by employer	17,553	554,091
	<u>\$ 2,690,853</u>	<u>\$ 1,747,784</u>

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 36,230,940
CalPERS	<u>10,035,552</u>
Total Net Pension Liability	<u>\$ 46,266,492</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Notes to Financial Statements*

June 30, 2015

**NOTE 12 – PENSION PLANS (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	CalSTRS*	CalPERS
Proportion - June 30, 2013	0.0620%	0.0903%
Proportion - June 30, 2014	0.0620%	0.0884%
Change - Increase (Decrease)	0.0000%	-0.0019%

\* The District's proportionate share percentage was not separately determined for June 30, 2013, so the June 30, 2014, percentage was used to calculate the beginning amounts.

For the year ended June 30, 2015, the District recognized pension expense of \$4,438,637. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,438,636	\$ -
Adjustment due to differences in proportions	-	(272,398)
Net differences between projected and actual earnings on plan investments	-	(12,370,128)
	<u>\$ 4,438,636</u>	<u>\$ (12,642,526)</u>

The total amount of \$4,438,636 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2016	\$ (2,714,542)
2017	\$ (2,714,542)
2018	\$ (2,714,542)
2019	\$ -
2020	\$ -
Thereafter	\$ -

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 12 – PENSION PLANS (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.60%	7.50%
Inflation	3.00%	2.75%
Wage Growth	3.75%	3.00%
Post-retirement Benefit Increase	2.00%	-
Investment Rate of Return	7.60%	7.50%

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. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information. The underlying mortality assumptions and all other actuarial assumptions used in the CalPERS June 30, 2013, valuation were based on the results of a January 2014, actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

#### **Discount Rate** – for CalSTRS

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 increase per Assembly Bill 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 STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

#### **Discount Rate** – for CalPERS

The discount rate used to measure the total pension liability was 7.50% for CalPERS. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

## TAMALPAIS UNION HIGH SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 12 – PENSION PLANS (continued)

##### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

###### *Discount Rate* – for CalPERS (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 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*

June 30, 2015

**NOTE 12 – PENSION PLANS (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Discount Rate** – for CalPERS (continued)

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	Target Allocation		Long-Term Expected Rate of Return	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Global Equity	47%	47%	4.5%	5.7%
Global Fixed Income	N/A	19%	N/A	2.4%
Inflation Sensitive	5%	6%	3.2%	3.4%
Private Equity	12%	12%	6.2%	7.0%
Real Estate	15%	11%	4.4%	5.1%
Infrastructure and Forestland	N/A	3%	N/A	5.1%
Fixed Income	20%	N/A	0.2%	N/A
Liquidity	1%	2%	0.0%	-1.1%
	<u>100%</u>	<u>100%</u>		

**Sensitivity of the 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 for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	\$ 56,474,560	\$ 17,604,650
Current Discount Rate	7.60%	7.50%
Net Pension Liability	\$ 36,230,940	\$ 10,035,552
1% Increase	8.60%	8.50%
Net Pension Liability	\$ 19,351,440	\$ 3,710,808

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

**C. Payable to the Pension Plans**

At June 30, 2015, the District did not report a payable to the CalSTRS and CalPERS pension plans for the fiscal year ended June 30, 2015.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS**

Tamalpais Union High School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

**Plan Descriptions and Contribution Information**

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits*	37
Active plan members*	435
Total	<u>472</u>

*\* As of June 30, 2013, actuarial valuation*

Upon service or disability retirement from the District, employees of the District who meet certain eligibility requirements may continue (during their lifetime) health coverage under the District’s medical, dental, and vision plans for themselves and their eligible dependents. Medical plans that District retirees are eligible for include Blue Shield PPO and Kaiser HMO. Retirees may change their medical plan elections annually during open enrollment.

The District pays portions of retiree medical, dental, and vision premiums until age 65 as outlined below.

	<b>Certificated</b>	<b>Classified &amp; Confidential</b>
Age and service criteria	<ul style="list-style-type: none"> <li>Hired before 1/18/2000: 5 years of District service and eligible for retirement</li> <li>Hired 1/18/2000 or later: 10 years of District service and eligible for retirement</li> <li>Eligibility for retirement:                             <ul style="list-style-type: none"> <li>CalSTRS – age 55 &amp; 5 years of service or age 50 &amp; 30 years of service</li> <li>CalPERS – age 50 &amp; 5 years of service</li> </ul> </li> <li>Retired after 2011-12 school year:                             <ul style="list-style-type: none"> <li>Certified - District contribution for age 60-65 only</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Age 55 and 10 years of District service (effective to June 30, 2015)</li> <li>Age 60 and 10 years of District service (effective beginning July 1, 2013)</li> </ul>
Employer-paid portion of premiums: Full-time	<ul style="list-style-type: none"> <li>Up to composite rates for employees for Kaiser, Delta Dental and Vision Service</li> </ul>	<ul style="list-style-type: none"> <li>Up to composite rates for employees for Kaiser, Delta Dental and Vision Service</li> </ul>
Employer-paid portion of premiums: Part-time	<ul style="list-style-type: none"> <li>.6 FTE or more: Same as full-time</li> <li>Less than .6 FTE: Composites prorated based on FTE</li> </ul>	<ul style="list-style-type: none"> <li>Over .725 FTE: Same as full-time</li> <li>Over .6 FTE, but less than .725 FTE: Up to 75% of composite</li> <li>At least .5 FTE, but less than .6 FTE: Up to 50% of composite</li> <li>Under .5 FTE: Ineligible</li> </ul>

## TAMALPAIS UNION HIGH SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (continued)

##### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 liabilities (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 obligation:

Annual required contribution (ARC)	\$ 1,015,000
Interest on net OPEB obligation	(2,000)
Adjustment to ARC	2,000
Annual OPEB cost	<u>1,015,000</u>
Contributions made:	
Contributions to trust	<u>(1,015,000)</u>
Total contributions made	<u>(1,015,000)</u>
Change in net OPEB asset	-
Net OPEB obligation (asset) - July 1, 2014	<u>(23,355)</u>
Net OPEB obligation (asset) - June 30, 2015	<u><u>\$ (23,355)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014-15 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (asset)
2013	\$ 824,000	100%	\$ (23,355)
2014	\$ 982,000	100%	\$ (23,355)
2015	\$ 1,015,000	100%	\$ (23,355)

##### Funded Status and Funding Progress - OPEB Plans

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$8.4 million and the unfunded actuarial accrued liability (UAAL) was \$6.2 million.

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, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

#### 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 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 designated 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	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	25 years
Asset Valuation	Market value
Actuarial Assumptions:	
Investment rate of return	7.25%
Inflation	3.0%
Medical care cost trend rate	5.0%-9.0%
Dental care cost trend rate	4.0%
Vision care cost trend rate	3.5%

### NOTE 14 – ADJUSTMENTS FOR RESTATEMENTS

The beginning net position on the statement of activities was restated by (\$53,479,763). The restatements are due to the District recognizing the addition of land from 2008 in the City of San Anselmo - Red Hill Community Park for \$1,409,400. In addition, there is the restatement required for the implementation of GASB Statement No. 68 for (\$54,889,163) which is described in further detail in Note 1.I.

### NOTE 15 – SUBSEQUENT EVENTS

On July 1, 2015, the Board approved Tax Anticipation Notes not to exceed \$10,000,000 from funds in custody of the Treasurer of the County of Marin for meeting obligations incurred for maintenance purposes for the 2014-15 fiscal year.

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***Required Supplementary Information***

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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	<u>Budgeted Amounts</u>		<u>Actual*</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
LCFF sources	\$ 49,326,254	\$ 49,934,805	\$ 50,092,052	\$ 157,247
Federal sources	956,168	1,256,806	1,074,866	(181,940)
Other State sources	1,252,878	1,524,140	1,616,671	92,531
Other Local sources	11,860,427	14,125,922	14,764,343	638,421
<b>Total Revenues</b>	<b>63,395,727</b>	<b>66,841,673</b>	<b>67,547,932</b>	<b>706,259</b>
<b>Expenditures</b>				
Current:				
Certificated Salaries	30,312,483	30,308,499	30,099,141	209,358
Classified Salaries	8,867,085	9,421,101	9,286,595	134,506
Employee Benefits	13,609,875	13,654,490	13,484,138	170,352
Books and Supplies	2,295,402	4,218,851	2,983,193	1,235,658
Services and Other Operating Expenditures	7,774,885	9,975,592	9,303,456	672,136
Transfers of Indirect Cost	(45,054)	(45,054)	(50,893)	5,839
Capital Outlay	68,400	652,726	988,207	(335,481)
Intergovernmental Transfers	925,865	1,046,987	893,671	153,316
<b>Total Expenditures</b>	<b>63,808,941</b>	<b>69,233,192</b>	<b>66,987,508</b>	<b>2,245,684</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(413,214)	(2,391,519)	560,424	2,951,943
<b>Other Financing Sources and Uses</b>				
Interfund Transfers In	200,000	616,207	200,000	(416,207)
Interfund Transfers Out	(548,622)	(745,714)	(621,004)	124,710
Other Financing Sources	-	850,000	850,000	-
<b>Total Other Financing Sources and Uses</b>	<b>(348,622)</b>	<b>720,493</b>	<b>428,996</b>	<b>(291,497)</b>
<b>Net Change in Fund Balance</b>	<b>(761,836)</b>	<b>(1,671,026)</b>	<b>989,420</b>	<b>2,660,446</b>
Fund Balances, July 1, 2014	26,046,347	26,046,346	26,046,346	-
<b>Fund Balances, June 30, 2015</b>	<b>\$ 25,284,511</b>	<b>\$ 24,375,320</b>	<b>\$ 27,035,766</b>	<b>\$ 2,660,446</b>

\* 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 Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

On-behalf payments of \$1,491,982 have been included in the Statement of Revenues, Expenditures and Changes in Fund Balance but are not included in the actual amounts above.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Funding Progress*  
*For the Fiscal Year Ended June 30, 2015*

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Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2008	\$ -	\$ 5,087,000	\$ 5,087,000	0.0%	\$ 35,915,000	14.2%
June 30, 2011	\$ 1,385,000	\$ 5,277,000	\$ 3,892,000	35.6%	\$ 30,859,000	12.6%
June 30, 2013	\$ 2,241,000	\$ 8,427,000	\$ 6,186,000	36.2%	\$ 33,967,000	18.2%

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year Ended June 30, 2015*

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Last Ten Fiscal Years\*

	<u>2014</u>
District's proportion of the net pension liability (asset):	
CalSTRS	0.0620%
CalPERS	0.0884%
District's proportionate share of the net pension liability (asset):	
CalSTRS	\$ 36,230,940
CalPERS	\$ 10,035,552
District's covered-employee payroll:	
CalSTRS	\$ 28,120,558
CalPERS	\$ 14,084,784
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	
CalSTRS	128.8%
CalPERS	71.3%
Plan fiduciary net position as a percentage of the total pension liability:	
CalSTRS	76.5%
CalPERS	83.4%

\* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Schedule of Contributions*

*For the Fiscal Year Ended June 30, 2015*

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Last Ten Fiscal Years\*

	<u>2014</u>
Actuarially determined contribution:	
CalSTRS	\$ 2,319,946
CalPERS	\$ 1,611,581
Contributions in relation to the actuarially determined contribution:	
CalSTRS	\$ 2,319,946
CalPERS	<u>\$ 1,611,581</u>
Contribution deficiency (excess):	
CalSTRS	<u>\$ -</u>
CalPERS	<u>\$ -</u>
District's covered-employee payroll:	
CalSTRS	\$ 28,120,558
CalPERS	\$ 14,084,784
Contributions as a percentage of covered-employee payroll:	
CalSTRS	8.25%
CalPERS	11.442%

\* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2015*

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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 Proportionate Share of the Net Pension Liability**

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer’s covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer’s covered-employee payroll
- The pension plan’s fiduciary net position as a percentage of the total pension liability

**Schedule of Contributions**

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer’s contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer’s actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer’s actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

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

At June 30, 2015, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Appropriations Category	Excess Expenditures
Capital Outlay	\$ 335,481

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***Supplementary Information***

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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Local Educational Agency Organization Structure*  
*June 30, 2015*

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The Tamalpais Union High School District was established on July 1, 1908 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9-12 as mandated by the State and Federal agencies. The District operates three comprehensive high schools, one continuation high school, one independent study high school, and an adult school program.

<b>GOVERNING BOARD</b>		
<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Cindy McCauley	President	December, 2015
Michael Futterman	Clerk	December, 2015
Bob Walter	Trustee	December, 2015
Laura Anderson	Trustee	December, 2017
Chuck Ford	Trustee	December, 2017

**DISTRICT ADMINISTRATORS**

Laurie Kimbrel, Ed.D., <sup>1</sup>  
*Superintendent*

Michael McDowell, <sup>2</sup>  
*Assistant Superintendent, Educational Services*

Lori Parrish, <sup>3</sup>  
*Assistant Superintendent, Finance & Facilities*

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<sup>1</sup> Resigned as of June 30, 2015. On July 1, 2015, Dr. David Yoshihara became Superintendent.

<sup>2</sup> Resigned as of June 30, 2015. On July 1, 2015, Dr. Tara Taupier became Assistant Superintendent, Educational Services.

<sup>3</sup> Resigned as of April 23, 2015. On July 16, 2015, Sally Swan became Assistant Superintendent, Finance & Facilities

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Average Daily Attendance*  
*For the Fiscal Year Ended June 30, 2015*

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	<b>Second Period Report</b>	<b>Annual Report</b>
	Certificate No. (AC80DCEA)	Certificate No. (76E6DA32)
<b>Regular ADA &amp; Extended Year:</b>		
Ninth through Twelfth	3,935.46	3,914.83
Total Regular ADA	3,935.46	3,914.83
<b>Special Education, Nonpublic, Nonsectarian Schools:</b>		
Ninth through Twelfth	19.32	17.93
Total Special Education, Nonpublic, Nonsectarian Schools	19.32	17.93
Total ADA	3,954.78	3,932.76

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Schedule of Instructional Time*

*For the Fiscal Year Ended June 30, 2015*

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Grade Level	1986-87 Minutes		2014-15 Actual Minutes	Number of Days Traditional Calendar	Status
	Previously Required	Reduced*			
Grade 9	64,800	63,000	64,866	179	Complied
Grade 10	64,800	63,000	64,866	179	Complied
Grade 11	64,800	63,000	64,866	179	Complied
Grade 12	64,800	63,000	64,866	179	Complied

\* Amounts reduced as permitted by Education Code Section 46201.2(a).

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Financial Trends and Analysis*  
*For the Fiscal Year Ended June 30, 2015*

General Fund	(Budget) 2016 <sup>3</sup>	2015 <sup>4</sup>	2014	2013
Revenues and other financing sources	\$ 70,942,221	\$ 68,597,932	\$ 65,043,210	\$ 60,758,594
Expenditures	72,893,686	66,987,508	63,194,975	58,104,939
Other uses and transfers out	1,068,791	621,004	873,566	891,550
Total outgo	73,962,477	67,608,512	64,068,541	58,996,489
Change in fund balance (deficit)	(3,020,256)	989,420	974,669	1,762,105
Ending fund balance	<u>\$ 24,015,510</u>	<u>\$ 27,035,766</u>	<u>\$ 26,046,346</u>	<u>\$ 25,071,677</u>
Available reserves <sup>1</sup>	<u>\$ 2,203,875</u>	<u>\$ 2,028,256</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as a percentage of total outgo	<u>3.0%</u>	<u>3.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total long-term debt	<u>\$ 187,831,785</u>	<u>\$ 197,336,446</u>	<u>\$ 212,856,150</u>	<u>\$ 163,093,516</u>
Average daily attendance at P-2 <sup>2</sup>	<u>4,256</u>	<u>3,955</u>	<u>3,838</u>	<u>3,713</u>

The General Fund balance has increased by \$1,964,089 over the past two years. The fiscal year 2015-16 adopted budget projects a decrease of \$3,020,256. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has not incurred an operating deficit in any of the past three years, but anticipates incurring an operating deficit during the 2015-16 fiscal year. Long-term debt has decreased \$34,242,930 over the past two years.

Average daily attendance has increased by 242 over the past two years. An increase of 301 ADA is anticipated during the 2015-16 fiscal year.

<sup>1</sup> Available reserves consist of all unassigned fund balances in the General Fund. The District did not have any unassigned fund balance reported for the 2012-13 or 2013-14 fiscal years, but rather choose to show those amounts held for this purpose as assigned. Beginning in 2014-15, the District began to show these amounts as reserve for economic uncertainties in the unassigned category.

<sup>2</sup> Excludes Adult Education ADA.

<sup>3</sup> Revised budget September 2015.

<sup>4</sup> 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 Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

On-behalf payments of \$1,491,982 have been included in the Statement of Revenues, Expenditures and Changes in Fund Balance but are not included in the actual amounts above.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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*There were no differences between the Annual Financial and Budget Report and the  
Audited Financial Statements in any funds.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2015*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Basic Breakfast Program	10.553	13525	\$ 27,265	
School Breakfast Needy Program	10.553	13526	14,244	
National School Lunch Program	10.555	13523	73,755	
Subtotal Child Nutrition Cluster				\$ 115,264
Total U.S. Department of Agriculture				115,264
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Education Cluster:				
Adult Basic Education & ESL	84.002A	14508	34,733	
Adult Secondary Education	84.002	13978	25,192	
English Literacy & Civics Education	84.002A	14109	17,596	
Subtotal Adult Education Cluster				77,521
No Child Left Behind Act (NCLB):				
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329		133,829
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341		128,345
Title III, Immigrant Education Program	84.365	14346		4,230
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		79,751
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	465,643	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	10115	263,068	
Subtotal Special Education (IDEA) Cluster				728,711
Total U.S. Department of Education				1,152,387
Total Expenditures of Federal Awards				\$ 1,267,651

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Combining Balance Sheet - Non-Major Governmental Funds*  
*June 30, 2015*

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>							
Cash	\$ 2,690	\$ 45,491	\$ 1,185,612	\$ 50,583	\$ 973,251	\$ 2,345,124	\$ 4,602,751
Accounts receivable	239,113	18,910	-	-	-	-	258,023
Due from other funds	105,144	-	357,000	-	-	95,000	557,144
Inventories	-	9,383	-	-	-	-	9,383
Total Assets	<u>\$ 346,947</u>	<u>\$ 73,784</u>	<u>\$ 1,542,612</u>	<u>\$ 50,583</u>	<u>\$ 973,251</u>	<u>\$ 2,440,124</u>	<u>\$ 5,427,301</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 75,582	\$ 37,133	\$ 14,998	\$ -	\$ 451,801	\$ 361,109	\$ 940,623
Due to other funds	161,296	21,896	-	-	-	-	183,192
Total Liabilities	<u>236,878</u>	<u>59,029</u>	<u>14,998</u>	<u>-</u>	<u>451,801</u>	<u>361,109</u>	<u>1,123,815</u>
<b>Fund Balances</b>							
Nonspendable	-	9,783	-	-	-	-	9,783
Restricted	300	4,972	-	50,583	521,450	2,079,015	2,656,320
Committed	109,769	-	1,527,614	-	-	-	1,637,383
Total Fund Balances	<u>110,069</u>	<u>14,755</u>	<u>1,527,614</u>	<u>50,583</u>	<u>521,450</u>	<u>2,079,015</u>	<u>4,303,486</u>
Total Liabilities and Fund Balances	<u>\$ 346,947</u>	<u>\$ 73,784</u>	<u>\$ 1,542,612</u>	<u>\$ 50,583</u>	<u>\$ 973,251</u>	<u>\$ 2,440,124</u>	<u>\$ 5,427,301</u>

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2015*

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>REVENUES</b>							
LCFF sources	\$ -	\$ -	\$ 357,000	\$ -	\$ -	\$ -	\$ 357,000
Federal sources	77,521	115,264	-	-	-	-	192,785
Other state sources	144,926	9,225	-	-	-	-	154,151
Other local sources	741,887	609,848	2,263	93	2,596	1,869	1,358,556
<b>Total Revenues</b>	<b>964,334</b>	<b>734,337</b>	<b>359,263</b>	<b>93</b>	<b>2,596</b>	<b>1,869</b>	<b>2,062,492</b>
<b>EXPENDITURES</b>							
Current							
Instruction	227,374	-	-	-	-	-	227,374
Instruction-Related Services:							
School site administration	344,898	-	-	-	-	-	344,898
Pupil Support Services:							
Food services	-	1,156,535	-	-	-	-	1,156,535
Community services	803,249	-	-	-	-	-	803,249
Transfers of indirect costs	50,893	-	-	-	-	-	50,893
Plant services	-	-	-	-	-	34,837	34,837
Capital outlay	-	-	123,459	-	2,230,084	388,551	2,742,094
<b>Total Expenditures</b>	<b>1,426,414</b>	<b>1,156,535</b>	<b>123,459</b>	<b>-</b>	<b>2,230,084</b>	<b>423,388</b>	<b>5,359,880</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(462,080)	(422,198)	235,804	93	(2,227,488)	(421,519)	(3,297,388)
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund transfers in	120,951	405,053	-	-	-	95,000	621,004
<b>Total Other Financing Sources and Uses</b>	<b>120,951</b>	<b>405,053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,000</b>	<b>621,004</b>
<b>Net Change in Fund Balances</b>	<b>(341,129)</b>	<b>(17,145)</b>	<b>235,804</b>	<b>93</b>	<b>(2,227,488)</b>	<b>(326,519)</b>	<b>(2,676,384)</b>
Fund Balances, July 1, 2014	451,198	31,900	1,291,810	50,490	2,748,938	2,405,534	6,979,870
Fund Balances, June 30, 2015	\$ 110,069	\$ 14,755	\$ 1,527,614	\$ 50,583	\$ 521,450	\$ 2,079,015	\$ 4,303,486

See accompanying note to supplementary information.

# TAMALPAIS UNION HIGH SCHOOL DISTRICT

*Note to the Supplementary Information*

*June 30, 2015*

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## **NOTE 1 – PURPOSE OF SCHEDULES**

### **Schedule of Average Daily Attendance (ADA)**

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

### **Schedule of Instructional Time**

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirement, as reduced by Education Code Section 46201.2(a).

### **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.

### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

### **Schedule of Expenditures of Federal Awards**

The 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 the United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

### **Subrecipients**

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

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

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

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***Other Independent Auditors' Reports***

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

Board of Trustees  
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, 2015, and the related notes to the financial statements, which collectively comprise Tamalpais Union High School District's basic financial statements, and have issued our report thereon dated December 14, 2015.

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

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Findings 2015-1 and 2015-2.

**Tamalpais Union High School District's Responses to Findings**

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

**Purpose of this Report**

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



Murrieta, California  
December 14, 2015



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Tamalpais Union High School District's state government programs as noted on the following page for the fiscal year ended June 30, 2015.

### **Management's Responsibility**

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

### **Auditors' 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 below. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 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 for each State program. However, our audit does not provide a legal determination of Tamalpais Union High School District's compliance.

In connection with the audit referred to on the prior page, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Not Applicable
Regional Occupation Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for continuation education because the ADA was under the level that requires testing.

**Unmodified Opinion on Compliance with State Programs**

In our opinion, Tamalpais Union High School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above, which are required to be reported in accordance with *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which are described in the accompanying schedule of findings and questioned costs as Findings 2015-1 and 2015-2.

**District's Responses to Findings**

Tamalpais Union High School District's responses to the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Tamalpais Union High School District's responses were not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the responses.

*Nigro + Nigro, PC*

Murrieta, California  
December 14, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
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 Circular A-133 *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, 2015. Tamalpais Union High School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

***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, 2015.

### **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 OMB Circular A-133, 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 the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Murrieta, California  
December 14, 2015

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***Findings and Questioned Costs***

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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2015*

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	
<u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u>	
<u>84.027</u> <u>Special Education Cluster (IDEA)</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

***State Awards***

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2015*

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

***There were no financial statement findings in 2014-15.***

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2015*

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

*There were no federal award findings or questioned costs in 2014-15.*

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2015*

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

**Finding 2015-1: Unduplicated Pupil Count (40000)**

**Criteria:** Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

**Condition:** During our testing of the free and reduced price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted twelve students that were reported as qualifying for free or reduced priced meals that did not have an application on file for the 2014-15 fiscal year. This is due to the fact that the District applied the local "grace period" to the CALPADS reporting and as a result, many students in the CALPADS system are reported based on 2013-14 application data instead of 2014-15 application data.

**Context:** We noted errors at three of the schools tested, for a total of twelve exceptions.

**Cause:** The District was unaware of the requirement to reclassify pupils who did not submit a qualifying free and reduced price meal application during 2014-15 since the CALPADS cutoff date was before the local "grace period" ended.

**Questioned Costs:** None. The District is "basic aid" and does not receive funding based on its unduplicated pupil count.

**Effect:** The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

School Site	CALPADS Reported	Adjusted based on	Adjusted Total
		eligibility for:	
		FRPM	
San Andreas High	22	(1)	21
Tamalpais High	117	(8)	109
Tamiscal High	10	(3)	7
Aggregate remaining school sites	163	-	163
District-wide	312	(12)	300

The enrollment count of 4,165 was not impacted as a result of the procedures performed.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2015*

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)**

**Finding 2015-1: Unduplicated Pupil Count (40000) (continued)**

**Recommendation:** We recommend that the district work with the Child Nutrition Services department to update the CALPADS system once all applications are received. Although there is a grace period recognized at a local level, the district should update CALPADS retroactively to reflect the current year application information in the reporting software. We also recommend that procedures are established to ensure that the student information system which is used for CALPADS reporting is updated to reflect the changes made in the Child Nutrition Services.

**District Response:** The District Data Specialist and Director of Student Nutrition Services have implemented a process for 2015-16 that involves frequent communication to reconcile the student nutrition services "NutriKids" database with the student information system which is used for CALPADS reporting.

**Finding 2015-2: Maintenance of Effort (40000)**

**Criteria:** The District expenditures in the Adult Education program for the 2014-15 year must exceed the lesser of the expenditures or revenues for the 2012-13 year. This does not include expenditures supported by Federal funds, adult education fees or other restricted funding sources.

**Condition:** The District spent \$503,928, which was \$7,450 less than the amount spent in 2012-13.

**Questioned Cost:** The deficit in spending between the required amount and the actual amount was \$7,450.

**Cause:** Spending from sources that were not supported by Federal funds, program fees or other restricted funding sources decreased.

**Effect:** The District did not meet the required maintenance of effort from unrestricted sources.

**District Response:** In 2015-16, Adult Education is funded through a block grant and the District will comply with all criteria to qualify for and receive the block grant apportionments.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT**

*Summary Schedule of Prior Audit Findings*

*For the Fiscal Year Ended June 30, 2015*

<b>Original Finding No.</b>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<p><i>Finding 2014-1: Unduplicated Pupil Count</i></p>	<p>In order to be counted in CALPADS report 1.17 a student must have an open primary or short-term enrollment in CALPADS over a Census Day (the first Wednesday in October) and meet one or more of the following criteria:</p> <ul style="list-style-type: none"> <li>• Have a program record with an education program code of Homeless, Migrant, Free Meal Program, or Reduced-Price Meal Program, that is open over Census Day</li> <li>• Have an English Language Acquisition Status (ELAS) of "English learner" (EL) that is effective over Census Day</li> <li>• Be directly certified in July through November as being eligible for free meals based on a statewide match conducted by CALPADS</li> <li>• Be identified as a foster youth based on a statewide match conducted by CALPADS</li> <li>• Be identified as a foster youth through a local data matching process and submitted to and validated by CALPADS (functionality will be implemented fall 2014)</li> </ul>	<p>40000</p>	<p>We recommend the District monitor any changes in FRPM status that affect a student's status prior to the 'snapshot' date and make changes as appropriate.</p>	<p>Not Implemented. See Finding 2015-1.</p>
	<p>During our testing of the free and reduced price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted fourteen students who were incorrectly classified based on the application and three students who did not have an application on file for the 2013-14 fiscal year.</p>			



To the Board of Trustees  
Tamalpais Union High School District  
Larkspur, California

In planning and performing our audit of the basic financial statements of Tamalpais Union High School District for the year ending June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 14, 2015, on the financial statements of Tamalpais Union High School District.

### **ASSOCIATED STUDENT BODY (ASB) FUNDS**

**Observation:** During review of cash receipt documentation, we noted at **Drake and Tamalpais High Schools** that deposits that lacked a clear audit trail from the point of collection. Without supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account

**Recommendation:** Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

**Observation:** Our testing indicated that revenue potentials are not being prepared for major fundraisers at **Drake, Redwood, and Tamalpais High Schools**.

**Recommendation:** It is important for student organizations to have adequate internal controls over their fund-raising events, properly evaluate the effectiveness of those events and account for a fundraiser's financial activity. Revenue potentials are used as a budgeting and planning tool. The form serves as a sales plan that includes expected sales levels, sale prices per unit, expected cost, and net income. We recommend that revenue potentials be prepared for all major fund-raising activities.

**Observation:** In our test of cash disbursements at **Drake, Redwood, and Tamalpais High Schools**, we noted that several disbursements selected in our sample were not approved by the District representative, the ASB advisor, and/or the student representative, until after the expenditure had already been incurred.

**Recommendation:** Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

## **ASSOCIATED STUDENT BODY (ASB) FUNDS (continued)**

**Observation:** We noted that the Student Council at **Tamalpais High School** did not prepare an annual operating budget. A budget is an important tool to monitor the financial activities of the ASB.

**Recommendation:** After preparation of an annual operating budget, the Student Council should adopt the budget and document it in the minutes.

**Observation:** We identified a disbursement that was an inappropriate use of ASB funds at **Tamalpais High School**. A check was issued in the amount of \$279 for a dunk tank.

**Recommendation:** The school principal and advisor should understand that safety concerns must be given priority when planning events. ASB funds should be used for the general welfare of students which includes only approving safe activities.

**Observation:** At **Tamalpais High School**, we identified a reimbursement to parents for theater tickets that had not been approved in advance. The amount for the tickets was purported to have been collected from the students, deposited into the ASB account and then paid out to the parents as a reimbursement. We were unable to verify if the cash collected from the students was enough to cover the expense. We also identified two disbursements that could not be supported by adequate documentation. A disbursement for student plane tickets in the amount of \$10,605.44 was missing a detailed itemized receipt for each student. Additionally, a disbursement for an athletic fundraiser in the amount of \$7,678 was missing documentation to support the percentage paid to the fundraising vendor.

**Recommendation:** We recommend all disbursements are approved in advance to avoid circumventing controls. Further, we recommend that the ASB is not used as a pass through to pay for events.

**Observation:** We also noted at **Tamalpais High School** that cash collected is not double counted when turned in to the ASB bookkeeper to ensure the amount is correct. This can lead to discrepancies between the amount reported by the club and the amount deposited.

**Recommendation:** We recommend a double cash count is performed when it is turned in to ensure the amount collected is complete and any discrepancies are addressed promptly.

**Observation:** During testing of cash disbursements at **Redwood High School**, we identified a shipment of sweatshirts that were made directly to a teacher's home rather than to the school site. This shipment lacked documentation that the goods had been received

**Recommendation:** We recommend that after verifying the contents received that an "O.K. to pay" or "received" marking be indicated and retained. We further recommend that purchases made with ASB funds be shipped to the school from which it originates only.

**DISTRICT OFFICE**

**Observation:** During our test of cash receipts, we noted that the Community Education Site does not reconcile the amount of cash collected to the number of swimmers using the facilities. We also noted that payments through the online reservation system are not reconciled to the amount collected and deposited into the District account.

**Recommendation:** We recommend the site and District utilize a process where the number of swimmers is compared to the amount of cash and prepayments in order to determine if the proper amount of cash is being collected and deposited.

**Observation:** In our sample of cash disbursements, we noted eight of forty-two that had exceptions. Four disbursements did not have a purchase order, two lacked pre-approval, one credit card purchase lacked an itemized receipt and one disbursement was for a questionable purpose. The questionable disbursement was issued as a pay voucher for a petty cash expense for a Tahiti trip and did not have any supporting receipts

**Recommendation:** We recommend the District obtain proper approval prior to incurring expenditures and that all documentation is retained in order to substantiate expenditures. This way, it can be determined if expenditures are appropriate and necessary for an educational purpose.

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

A handwritten signature in blue ink that reads "Nigro+Nigro, PC". The signature is written in a cursive, slightly slanted style.

Murrieta, California  
December 14, 2015