

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. See "TAX MATTERS."



\$42,925,000
TAMALPAIS UNION HIGH SCHOOL DISTRICT
 (County of Marin, California)
2019 GENERAL OBLIGATION REFUNDING BONDS
 (FEDERALLY TAXABLE)

Dated: Date of Delivery**Due: August 1 as shown on inside cover**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page shall have the meanings given such terms herein.

The Tamalpais Union High School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the "**Bonds**" or the "**Taxable Bonds**") are being issued by the District to (i) refund, on an advance basis, a portion of the District's outstanding 2010 General Obligation Refunding Bonds (the "**2010 Bonds**") and 2011 General Obligation Refunding Bonds (the "**2011 Bonds**") and, together with the 2010 Bonds, the "**Refunded Bonds**") and (ii) pay costs of issuance of the Bonds. The Bonds are being issued pursuant to the laws of the State, a resolution adopted by the Board of Trustees of the District on September 10, 2019 (the "**Resolution**"), and a paying agent agreement, dated as of October 1, 2019 (the "**Paying Agent Agreement**"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "**Paying Agent**"), and acknowledged by the Director of Finance of the County of Marin (the "**County Director of Finance**").

The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. Principal of the Bonds is payable on August 1 of each year shown on the maturity schedule on the inside front cover page hereof. Interest on the Bonds is payable on February 1, 2020, and thereafter on each February 1 and August 1 to maturity. Payments of principal of and interest on the Bonds will be made by the Paying Agent to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest."

The Bonds will be issued in book-entry form only and will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Form and Registration of the Bonds."

The Bonds are not subject to redemption prior to maturity. See "THE BONDS – No Redemption."

**See Inside Cover for
Maturity Schedule**

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about October 9, 2019.



MATURITY SCHEDULE

\$42,925,000

**Tamalpais Union High School District
(County of Marin, California)**

2019 General Obligation Refunding Bonds (Federally Taxable)

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (874857)
2020	\$1,295,000	1.898%	1.898%	KF1
2021	3,735,000	1.938	1.938	KG9
2022	3,770,000	1.925	1.925	KH7
2023	6,275,000	1.971	1.971	KJ3
2024	6,420,000	2.021	2.021	KK0
2025	6,545,000	2.165	2.165	KL8
2026	6,640,000	2.265	2.265	KM6
2027	5,570,000	2.363	2.363	KN4
2028	2,675,000	2.413	2.413	KP9

* Yields certified by the Underwriters. The District takes no responsibility therefor.

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This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The District maintains a website and certain social media accounts. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

Board of Trustees

Leslie Harlander
President

Cynthia Roenisch
Clerk

Karen Loebbaka
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Member

Kevin Saavedra
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District Administration

Dr. Tara Taupier
Superintendent

Lars Christensen
Assistant Superintendent of Human Resources & Facilities

Corbett Elsen
Chief Financial Officer

**COUNTY OF MARIN
County Administration**

Roy Given
Director of Finance

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor

Keygent LLC
El Segundo, California

Paying Agent and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Verification Agent

Causey Demgen & Moore, P.C.
Denver, Colorado

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\$42,925,000
TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
2019 GENERAL OBLIGATION REFUNDING BONDS
(FEDERALLY TAXABLE)

INTRODUCTION

General

This Official Statement, which includes the front and inside cover pages and appendices hereto (this “**Official Statement**”), is provided to furnish information in connection with the sale of \$42,925,000 aggregate principal amount of Tamalpais Union High School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the “**Bonds**” or the “**Taxable Bonds**”), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate (as defined herein) to be executed by the Tamalpais Union High School District (the “**District**”), the District has no obligation to update the information in this Official Statement. See “OTHER LEGAL MATTERS – Continuing Disclosure” and APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolutions of the District’s Board of Trustees (the “**Board of Trustees**”) and the paying agent agreement providing for the issuance of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the Underwriters (as defined herein) or the registered owners or beneficial owners of any of the Bonds.

The District

The District was established on July 1, 1908 and is located in Marin County, California (the “**County**”), approximately 5 miles north of San Francisco. The County’s economy consists of a mixture of residential housing, commercial and retail activity, and industries such as movie and video production, computer software, communications equipment, light manufacturing, and agriculture. The County is also the location of Muir Woods National Monument, a 75,000-acre recreational open space known as the Golden Gate National Recreation Area, and the 71,000 acre Point Reyes National Seashore.

The District serves a stable population of about 115,300 in several high-wealth communities located across the Golden Gate Bridge from San Francisco. The District operates three comprehensive public high schools and three alternative schools, serving approximately 5,062 students in grades 9-12, in the west, central and southern portions of the County. Students feed into the District’s high schools from the following ten public elementary school districts: Bolinas-Stinson Union, Kentfield, Lagunitas, Larkspur-Corte Madera, Mill Valley, Nicasio, Reed Union, Ross, Ross Valley and Sausalito-Marin City.

As of June 25, 2019, the District budgeted for approximately 464.2 full time equivalent (“**FTE**”) employees, including 292.2 FTE certificated (credentialed teaching) positions, 140.3 FTE classified (non-teaching) positions, and 31.7 management, supervisor and confidential FTE positions. The District has budgeted general fund revenues of \$92.8 million, and expenditures of approximately \$90.9 million in fiscal year 2019-20. Total assessed valuation of taxable property in the District in fiscal year 2019-20 is approximately \$49.0 billion.

The District is governed by a Board of Trustees consisting of five members. The voting members are elected to four-year terms staggered every two years. The day-to-day operations are managed by a board-appointed Superintendent of Schools (the “Superintendent”). Dr. Tara Taupier has served as the Superintendent since August 2018. The District operates under the jurisdiction of the Marin County Superintendent of Schools.

For additional information about the District’s operations and finances, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET.”

THE BONDS

Authority for Issuance

The Bonds are being issued by the District pursuant to the State Constitution and State laws, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “**Government Code**”) and other applicable provisions of law. The Bonds are authorized by a resolution adopted by the Board of Trustees on September 10, 2019 (the “**Resolution**”), and are being issued pursuant to a paying agent agreement, dated as of October 1, 2019 (the “**Paying Agent Agreement**”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the “**Paying Agent**”), and acknowledged by the Director of Finance of the County (the “**County Director of Finance**”).

Purpose of Issuance

The Bonds will be used to (i) refund, on an advance basis, a portion of the District’s outstanding 2010 General Obligation Refunding Bonds (the “**2010 Bonds**”) and 2011 General Obligation Refunding Bonds (the “**2011 Bonds**”), and (ii) pay costs of issuance of the Bonds.

The outstanding 2010 Bonds and 2011 Bonds to be refunded and defeased are collectively referred to herein as the “**Refunded Bonds**.” See “PLAN OF REFUNDING.”

Form and Registration of the Bonds

The Bonds will be dated the date of their delivery and issued in fully registered book-entry only form, in denominations of \$5,000 principal amount or integral multiples thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”). DTC will act as securities depository for the Bonds. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. Principal and interest will be paid by the Paying Agent to DTC, which will in turn remit such payments to its participants, for subsequent distribution to beneficial owners of the Bonds, as described herein. See APPENDIX F – “BOOK-ENTRY SYSTEM.”

Payment of Principal and Interest

The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on February 1, 2020 (each, an “**Interest Payment Date**”), until payment of the principal amount thereof, computed using a year of 360 days, consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on January 15, 2020 will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (each, a “**Record Date**”) and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the

Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check mailed to such owner at such owner's address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of \$1,000,000 or more of Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable on August 1 of each year set forth on the maturity schedules herein, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent shall designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "**Interest and Sinking Fund**") within the County treasury, consisting of *ad valorem* property taxes collected and held by the County Director of Finance, together with any net premium and accrued interest received upon issuance of the Bonds.

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

No Redemption

The Bonds are not subject to redemption prior to their respective stated maturity dates.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such owners will cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds, and such obligation and all agreements and covenants of the District to such owners under the Paying Agent Agreement and under the Bonds, as applicable, will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by the such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that unclaimed moneys provisions described below will apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to the Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds, and remaining unclaimed for two years after the principal of all of such series of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

PLAN OF REFUNDING

The Bonds will be issued to (i) refund, on an advance basis, a portion of the outstanding 2010 Bonds on August 1, 2020 (the “**2010 Bonds Redemption Date**”), (ii) refund, on an advance basis, a portion of the outstanding 2011 Bonds on August 1, 2021 (the “**2011 Bonds Redemption Date**”), and (iii) pay costs of issuance of the Bonds. A portion of the proceeds from the Bonds will be deposited into the Escrow Fund with respect to the Refunded Bonds to be established and maintained by The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the “**Escrow Agent**”) under that certain escrow agreement, dated as of October 1, 2019 (the “**Escrow Agreement**”), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the 2010 Bonds to be refunded to the 2010 Bonds Redemption Date and the 2011 Bonds to be refunded to the 2011 Bonds Redemption Date, and the respective redemption prices of such Refunded Bonds on such redemption dates. See “ESCROW VERIFICATION.”

A portion of the proceeds Bonds will be retained by the Paying Agent in the Costs of Issuance Fund and used to pay costs associated with the issuance of the Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Bonds not needed to fund the Escrow Fund or to pay costs of issuance of the Bonds will be transferred to the County Director of Finance for deposit in the District’s Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the sole discretion of the County Director of Finance pursuant to law and the investment policy of the County. See APPENDIX F – “COUNTY OF MARIN INVESTMENT POLICY AND INVESTMENT REPORT.”

Causey Demgen & Moore, P.C., a Certified Public Accountant licensed to practice in the State, acting as verification agent (the “**Verification Agent**”) with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Bonds to the respective redemption date. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriters and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment thereof, as of such dates, will terminate.

The Refunded Bonds to be refunded by the Bonds are as follows:

**Tamalpais Union High School District
2010 General Obligation Refunding Bonds**

**Redemption Date: August 1, 2020
Redemption Price: 100%**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP* No. (874857)
2021	\$3,145,000	5.000%	HA6
2022	3,265,000	5.000	HC2
2023	3,400,000	5.000	HE8
2024	3,590,000	5.000	HG3
2025	3,770,000	5.000	HH1
2026	3,915,000	5.000	HJ7
2027	2,890,000	5.000	HK4

**Tamalpais Union High School District
2011 General Obligation Refunding Bonds**

**Redemption Date: August 1, 2021
Redemption Price: 100%**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP* No. (874857)
2023	\$2,460,000	5.000%	JH9
2024	2,585,000	5.000	JJ5
2025	2,710,000	5.000	JK2
2026	2,845,000	5.000	JL0
2027	2,985,000	5.000	JM8
2028	3,140,000	5.000	JN6

* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their agents or counsel take any responsibility for the accuracy of such numbers.

ESTIMATED SOURCES AND USES OF FUNDS

The net proceeds of the Bonds are expected to be applied as follows:

	<u>The Bonds</u>
Sources of Funds	
Principal Amount	<u>\$42,925,000.00</u>
Total Sources:	\$42,925,000.00
Uses of Funds	
Deposit to Escrow Fund	\$42,640,109.37
Costs of Issuance ⁽¹⁾	156,115.63
Underwriters' Discount	<u>128,775.00</u>
Total Uses:	\$42,925,000.00

⁽¹⁾ Includes fees of municipal advisor, bond counsel, disclosure counsel, rating agency, paying agent, escrow agent, verification agent, printer and other miscellaneous expenses.

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DEBT SERVICE SCHEDULES

Semi-Annual Debt Service of the Bonds

The scheduled semi-annual principal and interest payments on the Bonds are shown in the following table:

Period Ending	Principal	Interest	Total Semi-Annual Debt Service
2/1/2020	-	\$283,492.67	\$ 283,492.67
8/1/2020	\$1,295,000	455,613.23	1,750,613.23
2/1/2021	-	443,323.68	443,323.68
8/1/2021	3,735,000	443,323.68	4,178,323.68
2/1/2022	-	407,131.53	407,131.53
8/1/2022	3,770,000	407,131.53	4,177,131.53
2/1/2023	-	370,845.28	370,845.28
8/1/2023	6,275,000	370,845.28	6,645,845.28
2/1/2024	-	309,005.15	309,005.15
8/1/2024	6,420,000	309,005.15	6,729,005.15
2/1/2025	-	244,131.05	244,131.05
8/1/2025	6,545,000	244,131.05	6,789,131.05
2/1/2026	-	173,281.43	173,281.43
8/1/2026	6,640,000	173,281.43	6,813,281.43
2/1/2027	-	98,083.43	98,083.43
8/1/2027	5,570,000	98,083.43	5,668,083.43
2/1/2028	-	32,273.88	32,273.88
8/1/2028	2,675,000	32,273.88	2,707,273.88
Total	\$42,925,000	\$4,895,256.76	\$47,820,256.76

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Combined Annual General Obligation Debt Service

The District has previously issued and currently has outstanding its 2010 General Obligation Refunding Bonds, its 2011 General Obligation Refunding Bonds, and its 2014 General Obligation Refunding Bonds. See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure.” The following table shows the annual debt service of all outstanding general obligation bonds, including the Bonds.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Outstanding General Obligation Bonds
Annual Debt Service

Period Ending (August 1)	Outstanding Bonds*	The Bonds	Aggregate Debt Service
2020	\$10,704,925	\$2,034,106	\$12,739,031
2021	7,514,725	4,621,647	12,136,372
2022	7,514,850	4,584,263	12,099,113
2023	5,049,200	7,016,691	12,065,891
2024	5,046,700	7,038,010	12,084,710
2025	5,045,950	7,033,262	12,079,212
2026	5,046,450	6,986,563	12,033,013
2027	5,052,700	5,766,167	10,818,867
2028	5,048,950	2,739,548	7,788,498
2029	5,045,200	-	5,045,200
2030	5,045,800	-	5,045,800
2031	5,049,200	-	5,049,200
Total	\$71,164,650	\$47,820,257	\$118,984,907

* Excludes debt service on the Refunded Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District within the County, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited in the District's Interest and Sinking Fund, which is required to be maintained by the County Director of Finance and to be used solely for the payment of Bonds of the District.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Pursuant to the Resolutions, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and the outstanding bonds of the District issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "**District Bonds**") and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the Resolutions for the benefit of the owners of the District Bonds and successors thereto. The Resolutions provide that property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The Resolutions provide that this pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector

prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Assessed Valuation of Property Within the District

All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “*-Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

State Assessed Property. Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Classification of Locally Taxed Property. Locally taxed property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows the recent history of taxable property assessed valuation in the District, each as of the date of the equalized assessment roll is established in August of each year.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Assessed Valuation of Secured and Unsecured Property
2009-10 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2009-10	\$31,822,473,306	\$1,237,333	\$536,971,349	\$32,360,681,988	-
2010-11	31,416,586,384	1,237,333	525,761,650	31,943,585,367	-1.29%
2011-12	31,804,057,454	1,237,333	522,435,115	32,327,729,902	1.20
2012-13	32,437,173,048	1,470,157	542,288,966	32,980,932,171	2.02
2013-14	33,735,646,200	1,470,157	551,280,843	34,288,397,200	3.96
2014-15	35,894,118,684	1,470,157	575,095,508	36,470,684,349	6.36
2015-16	38,690,048,639	1,300,267	577,884,355	39,269,233,261	7.67
2016-17	41,326,859,692	1,300,267	609,762,480	41,937,922,439	6.80
2017-18	43,554,516,240	1,300,267	638,560,343	44,194,376,850	5.38
2018-19	45,962,158,928	1,086,822	663,216,708	46,626,462,458	5.50
2019-20	48,271,403,215	1,086,822	750,332,890	49,022,822,927	5.13

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "**Appeals Board**"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Risk of Decline in Property Values; Earthquake Risk. Property values could be reduced by factors beyond the District’s control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State.

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area, including the San Andreas fault, the Hayward fault, and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor’s epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Such earthquakes may be very destructive. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area’s economic activity.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable, or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the “**State Water Board**”) subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

Wildfire. In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic

activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Bonding Capacity. The District may not issue bonds in excess of 1.25% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity is estimated at approximately \$612.8 million, and its net bonding capacity is approximately \$516.1 million, prior to the issuance of the Bonds. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table provides a distribution of taxable property located in the District by jurisdiction.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Assessed Valuation by Jurisdiction
Fiscal Year 2019-20

<u>Jurisdiction:</u>	Assessed Valuation <u>in District</u>	% of <u>District</u>	Assessed Valuation <u>of Jurisdiction</u>	% of Jurisdiction <u>in District</u>
City of Belvedere	\$ 2,454,017,375	5.01%	\$ 2,454,017,375	100.00%
Town of Corte Madera	3,639,183,650	7.42	3,639,183,650	100.00
Town of Fairfax	1,604,492,916	3.27	1,604,492,916	100.00
City of Larkspur	3,888,490,651	7.93	4,478,773,253	86.82
City of Mill Valley	6,176,627,686	12.60	6,176,627,686	100.00
City of Ross	2,161,295,904	4.41	2,162,088,115	99.96
Town of San Anselmo	3,548,695,314	7.24	3,548,695,314	100.00
City of San Rafael	36,327,168	0.07	14,258,620,833	0.25
City of Sausalito	3,943,862,792	8.04	3,943,862,792	100.00
Town of Tiburon	5,865,469,429	11.96	5,865,469,429	100.00
Unincorporated Marin County	<u>15,704,360,042</u>	<u>32.03</u>	22,689,432,381	69.21
Total District	\$49,022,822,927	100.00%		
Marin County	\$49,022,822,927	100.00%	\$82,516,667,278	59.41%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Assessed Valuation and Parcels by Land Use
Fiscal Year 2019-20**

	2019-20 <u>Assessed Valuation⁽¹⁾</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Rural	\$ 134,526,011	0.28%	151	0.32%
Commercial	3,060,920,634	6.34	1,179	2.49
Vacant Commercial	35,041,176	0.07	137	0.29
Industrial	152,733,674	0.32	74	0.16
Vacant Industrial	3,746,158	0.01	48	0.10
Subject to Exemption	<u>0</u>	<u>0.00</u>	<u>2,508</u>	<u>5.29</u>
Subtotal Non-Residential	\$3,386,967,653	7.02%	4,097	8.64%
<u>Residential:</u>				
Single Family Residence	\$37,829,134,727	78.37%	31,875	67.24%
Condominium/Townhouse	3,182,015,311	6.59	5,016	10.58
Mobile Home	1,428,662	0.00	57	0.12
Houseboat	94,658,037	0.20	380	0.80
2+ Residential Units/Apartments	3,345,318,634	6.93	2,885	6.09
Miscellaneous Residential	714,759	0.00	282	0.59
Vacant Residential	<u>431,165,432</u>	<u>0.89</u>	<u>2,812</u>	<u>5.93</u>
Subtotal Residential	\$44,884,435,562	92.98%	43,307	91.36%
Total	\$48,271,403,215	100.00%	47,404	100.00%

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Residential Properties. The following table focuses on single-family residential properties only, the value of which comprised approximately 78.4% of the assessed value of taxable property in the District in fiscal year 2019-20. The average assessed value was \$1,186,796, and the median assessed value was \$872,790.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2019-20**

Single Family Residential	No. of <u>Parcels</u>	2019-20 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
	31,875	\$37,829,134,727	\$1,186,796	\$872,790

2019-20 <u>Assessed Valuation</u>	No. of <u>Parcels⁽¹⁾</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$99,999	1,061	3.329%	3.329%	\$ 82,538,152	0.218%	0.218%
\$100,000 - \$199,999	3,132	9.826	13.155	456,825,282	1.208	1.426
\$200,000 - \$299,999	2,022	6.344	19.498	502,405,919	1.328	2.754
\$300,000 - \$399,999	1,736	5.446	24.944	607,290,444	1.605	4.359
\$400,000 - \$499,999	1,666	5.227	30.171	751,798,442	1.987	6.347
\$500,000 - \$599,999	1,683	5.280	35.451	927,183,642	2.451	8.798
\$600,000 - \$699,999	1,674	5.252	40.703	1,087,001,253	2.873	11.671
\$700,000 - \$799,999	1,688	5.296	45.998	1,265,360,707	3.345	15.016
\$800,000 - \$899,999	1,723	5.405	51.404	1,463,255,503	3.868	18.884
\$900,000 - \$999,999	1,602	5.026	56.430	1,521,082,480	4.021	22.905
\$1,000,000 - \$1,099,999	1,370	4.298	60.728	1,437,786,919	3.801	26.706
\$1,100,000 - \$1,199,999	1,310	4.110	64.838	1,506,318,279	3.982	30.688
\$1,200,000 - \$1,299,999	1,072	3.363	68.201	1,337,948,826	3.537	34.224
\$1,300,000 - \$1,399,999	989	3.103	71.304	1,333,738,338	3.526	37.750
\$1,400,000 - \$1,499,999	998	3.131	74.435	1,444,934,407	3.820	41.570
\$1,500,000 - \$1,599,999	761	2.387	76.822	1,178,320,368	3.115	44.685
\$1,600,000 - \$1,699,999	726	2.278	79.100	1,197,973,514	3.167	47.851
\$1,700,000 - \$1,799,999	673	2.111	81.211	1,176,827,109	3.111	50.962
\$1,800,000 - \$1,899,999	582	1.826	83.037	1,075,313,316	2.843	53.805
\$1,900,000 - \$1,999,999	457	1.434	84.471	890,424,851	2.354	56.159
\$2,000,000 and greater	<u>4,950</u>	<u>15.529</u>	100.000	<u>16,584,806,976</u>	<u>43.841</u>	100.000
Total	31,875	100.000%		\$37,829,134,727	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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Largest Taxpayers. The twenty largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2019-20.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Largest Local Secured Taxpayers 2019-20

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	RP Maximus Cove Owner LLC	Apartments	\$ 163,016,191	0.34%
2.	Corte Madera Village LLC	Commercial	150,819,163	0.31
3.	Skywalker Properties Ltd. LLC	Commercial	130,849,470	0.27
4.	770 Tamalpais Dr. Inc.	Commercial	106,491,035	0.22
5.	195-205 Tamal Vista Boulevard LLC	Apartments	99,275,067	0.21
6.	Strawberry Village Retail	Commercial	80,063,628	0.17
7.	Aimco Madera Vista LLC	Apartments	68,666,913	0.14
8.	REEP-OFC Drakes Landing CA LLC	Commercial	67,032,900	0.14
9.	Nordstrom Inc.	Commercial	63,861,263	0.13
10.	North Coast Land Holdings LLC	Private University	60,282,481 ⁽²⁾	0.12
11.	Belvedere Land Company Partnership	Apartments	54,304,241	0.11
12.	Paradise Office Partners Holding Co.	Commercial	54,121,200	0.11
13.	Golden Gate Holdings LLC	Residential	50,407,000	0.10
14.	AG-SKB Belvedere Owner LP	Commercial	48,638,700	0.10
15.	Stuart L. Peterson Trust	Residential	46,216,732	0.10
16.	Tishman Speyer Archstone-Smith	Apartments	43,008,202	0.09
17.	George W. Lucas Jr. Trust	Residential	40,064,009	0.08
18.	Marin Gateway Garp LLC	Commercial	38,388,917	0.08
19.	One/Three Harbor Investors LLC	Commercial	36,929,760	0.08
20.	Larkspur Real Estate Partners I & II LP	Commercial	<u>35,812,064</u>	<u>0.07</u>
			<u>\$1,438,248,936</u>	<u>2.98%</u>

⁽¹⁾ 2019-20 local secured assessed valuation: \$48,271,403,215.

⁽²⁾ Net taxable value.

Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates for fiscal years 2015-16 through 2019-20 in the largest tax rate area (TRA) in the District.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Typical Total Tax Rates per \$100 of Assessed Valuation: TRA 5-000⁽¹⁾

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Tamalpais Union High School District	.0313	.0288	.0269	.0258	.0239
Marin Community College District	.0165	.0142	.0338	.0339	.0269
Mill Valley School District	.0523	.0514	.0511	.0466	.0319
Marin Healthcare District	<u>.0235</u>	<u>.0093</u>	<u>.0201</u>	<u>.0190</u>	<u>.0175</u>
Total	1.1236	1.1037	1.1319	1.1253	1.1002

⁽¹⁾ 2019-20 assessed valuation of TRA 5-000 is \$6,073,906,390, which comprises 12.4% of the total fiscal year 2019-20 assessed valuation of the District.

Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$23 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment based on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on assessments on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector records a tax lien and may seize and/or sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

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The following table shows a recent history of real property tax collections and delinquencies in the District.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2018-19

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$12,948,078.60	\$135,474.01	1.05%
2014-15	12,589,808.64	113,226.80	0.90
2015-16	12,074,481.38	94,397.37	0.78
2016-17	11,790,792.04	102,696.29	0.87
2017-18	11,678,315.71	83,117.37	0.71
2018-19	11,975,972.38	290,658.88	2.43

⁽¹⁾ General obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including school districts, receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due to the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district bonds.

The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

Direct and Overlapping Debt

Set forth in the following table is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of October 1, 2019, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Direct and Overlapping Bonded Debt
(as of October 1, 2019)

2019-20 Assessed Valuation: \$49,022,822,927

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/19</u>
Marin Community College District	59.496%	\$266,485,559
Tamalpais Union High School District	100.000	96,675,000⁽¹⁾
Kentfield School District	100.000	36,560,000
Larkspur-Corte Madera School District	100.000	52,812,172
Mill Valley School District	100.000	61,328,096
Reed Union School District	100.000	23,390,000
Ross School District	100.000	17,454,191
Ross Valley School District	100.000	41,046,096
Other School Districts	100.000	21,330,000
Town of Fairfax	100.000	5,616,200
Town of San Anselmo	100.000	3,670,000
City of Sausalito	100.000	11,018,894
Marin Healthcare District	71.327	261,088,917
Marin Emergency Radio Authority	59.410	18,639,888
Community Facilities Districts	92.727-100.	25,417,121
1915 Act Bonds	100.000	19,655,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$962,187,134

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Marin County General Fund Obligations	59.410%	\$ 49,931,272
Marin County Pension Obligation Bonds	59.410	46,411,092
Marin Community College District General Fund Obligations	59.496	7,949,162
Sausalito-Marín City School District Certificates of Participation	100.000	3,200,000
Town of Corte Madera General Fund Obligations	100.000	8,623,200
City of Larkspur General Fund Obligations	86.820	23,139,865
City of Mill Valley General Fund and Pension Obligation Bonds	100.000	7,585,800
Other City General Fund and Pension Obligation Bonds	Various	11,821,261
Fire Protection District General Fund Obligations	100.000	1,762,008
Other Special District General Fund Obligations	Various	195,966
TOTAL OVERLAPPING GENERAL FUND DEBT		\$160,619,626

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$2,965,000

COMBINED TOTAL DEBT \$1,125,771,760⁽²⁾

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$96,675,000)0.20%
 Total Direct and Overlapping Tax and Assessment Debt1.96%
 Combined Total Debt.....2.30%

Ratios to Redevelopment Incremental Valuation (\$211,151,091):

Total Overlapping Tax Increment Debt1.40%

⁽¹⁾ Excludes the Bonds to be sold, but includes the Refunded Bonds.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”). Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “FATCA,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that, at the time of such individual’s death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading “FATCA,” under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

OTHER LEGAL MATTERS

Possible Limitations on Remedies

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the “**State Superintendent**”), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “**Bankruptcy Code**”) on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court’s permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District’s general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District’s share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District’s share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to state law, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District’s other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District’s debt service tax for any

purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

Risk of Investment Losses. Pending delivery of *ad valorem* tax revenues to the Paying Agent, the County Director of Finance may invest the *ad valorem* tax revenues in the County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX C, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinions is set forth in APPENDIX C – "PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks to the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of its depositors, and, under provisions of the Government Code, the Bonds are eligible securities for deposits of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the “**Annual Report**”) by not later than nine months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than April 1, 2020) and to provide notice of the occurrence of certain enumerated events, if material, in a timely manner not in excess of ten business days after the occurrence of the event. The Annual Report and notices of material events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“**EMMA**”). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “**FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”).

The District is not aware of any instances in which it has failed to materially comply with the Rule with respect to any of its continuing disclosure undertakings.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, or the District’s ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District’s ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the original purchasers at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest on the government obligations, and the projected payments of principal, redemption premium, if any, and interest to redeem and defease the Refunded Bonds will be verified by Causey Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any effort to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

MISCELLANEOUS

Rating

The Bonds have been assigned a rating of “Aaa” by Moody’s Investors Service (“**Moody’s**”). Rating agencies generally base their ratings on their own investigations, studies, and assumptions. The District has provided certain additional information and materials to Moody’s (some of which does not appear in this Official Statement). The rating reflects only the views of the rating agency and any explanation of the significance of such rating may be obtained only from Moody’s at www.moodys.com. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Keygent LLC, is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, is acting as counsel to the Underwriters with respect to the Bonds, and will receive compensation from the Underwriters contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are being purchased by RBC Capital Markets, LLC, as representative (the “**Representative**”) on behalf of itself and Stifel, Nicolaus & Company, Incorporated (the “**Co-Manager**” and, together with the Representative, the “**Underwriters**”), pursuant to the terms of a bond purchase agreement, dated September 19, 2019 (the “**Purchase Contract**”) by and between the District and the Representative. The Underwriters have agreed to purchase the Bonds at a price of \$42,796,225.00 (which represents the aggregate principal amount of the Bonds, less \$128,775.00 Underwriters’ discount). Pursuant to the Purchase Contract, the Underwriters will purchase all of the Bonds if any are purchased, the obligation of the Underwriters to purchase the Bonds being subject to certain terms and conditions to be satisfied by the District.

RBC Capital Markets, LLC (“**RBC Capital Markets**”) and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC Capital Markets and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC Capital Markets and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. RBC Capital Markets and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBC Capital Markets and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

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Additional Information

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Superintendent, 395 Doherty Drive, Larkspur, California 94939. The District may impose a charge for copying, handling and mailing such requested documents.

The preparation, execution and distribution of this Official Statement have been duly authorized and approved by the Board of Trustees of the District.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

By: /s/ Corbett Elsen
Chief Financial Officer

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this APPENDIX A concerning the operations of the Tamalpais Union High School District (the “District”), the District’s finances, and State of California (the “State”) funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Marin (the “County”) on all taxable property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.”

THE DISTRICT

Introduction

The District was established on July 1, 1908 and is located in Marin County, California (the “County”), approximately 5 miles north of San Francisco. The County’s economy consists of a mixture of residential housing, commercial and retail activity, and industries such as movie and video production, computer software, communications equipment, light manufacturing, and agriculture. The County is also the location of Muir Woods National Monument, a 75,000-acre recreational open space known as the Golden Gate National Recreation Area, and the 71,000 acre Point Reyes National Seashore.

The District serves a stable population of about 115,300 in several high-wealth communities located across the Golden Gate Bridge from San Francisco. The District operates three comprehensive public high schools and three alternative schools, serving approximately 5,062 students in grades 9-12, in the west, central and southern portions of the County. Students feed into the District’s high schools from the following ten public elementary school districts: Bolinas-Stinson Union, Kentfield, Lagunitas, Larkspur-Corte Madera, Mill Valley, Nicasio, Reed Union, Ross, Ross Valley and Sausalito-Marin City.

As of June 25, 2019, the District budgeted for approximately 464.2 full time equivalent (“FTE”) employees, including 292.2 FTE certificated (credentialed teaching) positions, 140.3 FTE classified (non-teaching) positions, and 31.7 management, supervisor and confidential FTE positions. The District has budgeted general fund revenues of \$92.8 million, and expenditures of approximately \$90.9 million in fiscal year 2019-20. Total assessed valuation of taxable property in the District in fiscal year 2019-20 is approximately \$49.0 billion.

The District is governed by a Board of Trustees consisting of five members. The voting members are elected to four-year terms staggered every two years. The day-to-day operations are managed by a board-appointed Superintendent of Schools (the “Superintendent”). Dr. Tara Taupier has served as the Superintendent since August 2018. The District operates under the jurisdiction of the Marin County Superintendent of Schools.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District’s operating income consists primarily of two components: a State portion funded from the State’s general fund in accordance with the Local Control Funding Formula (see “– Allocation of State Funding to School Districts; Local Control Funding Formula” below) and a local portion derived from the District’s share of the 1% local *ad valorem* tax authorized by the State Constitution (see “– Local Sources of Education Funding” below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 7.5% of its general fund revenues from State funds (not including the local portion derived from the District’s share of the local *ad valorem* tax), projected at approximately \$6.9 million in fiscal year 2019-20. Such

amount includes both the State funding provided under the LCFF (defined herein) as well as other State revenues (see “– Allocation of State Funding to School District; Local Control Funding Formula” and “– Other District Revenues – Other State Revenues” below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect the District’s revenues and operations, though generally to a lesser extent than these may affect most school districts.

Under Proposition 98, a constitutional and statutory amendment adopted by the State’s voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State’s general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the “**Local Control Funding Formula**” or “**LCFF**”). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See “– Allocation of State Funding to School Districts; Local Control Funding Formula” below for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State’s voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature “as related to the budget in the budget bill.” The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district’s State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State’s share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from

year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Rainy Day Fund; SB 858. In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("**Proposition 2**") to the rainy day fund (the "**Rainy Day Fund**") for the November 2014 Statewide election. Senate Bill 858 (2014) ("**SB 858**") amends the State Education Code to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("**AB 1469**") which implements a new funding strategy for the California State Teachers' Retirement System ("**CalSTRS**"), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See "– Retirement Benefits – CalSTRS" below for more information about CalSTRS and AB 1469.

2019-20 State Budget. The Governor signed the fiscal year 2019-20 State Budget (the “**2019-20 State Budget**”) on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately \$143.8 billion in revenues, and \$91.9 billion in non-Proposition 98 expenditures and \$55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment to CalSTRS and the California Public Employees’ Retirement System (“**CalPERS**”) Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment. The 2019-20 State Budget also includes a constitutionally required deposit into the Public School System Stabilization Account (also referred to as the Proposition 98 Rainy Day Fund) in the amount of \$376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps, as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 guarantee (approximately \$2.1 billion). See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2.”

Certain budgeted adjustments for K-12 education set forth in the 2019-20 State Budget include the following:

- Special Education. The 2019-20 State Budget includes \$645.3 million ongoing Proposition 98 General Fund resources for special education, including \$152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and \$492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.
- After School Education and Safety Program. The 2019-20 State Budget includes \$50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.
- Longitudinal Data System. The 2019-20 State Budget includes \$10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of state investments on achieving educational goals.
- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes \$89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes \$43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes \$13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.
- Broadband Infrastructure. The 2019-20 State Budget includes \$7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.

- School Facilities Bond Funds. The 2019-20 State Budget assumes \$1.5 billion Proposition 51 bond funds, an increase of \$906 million over the prior year, to support school construction projects.
- Full-Day Kindergarten. The 2019-20 State Budget includes \$300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.
- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.
- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of \$36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a state match for classified employee savings used to provide income during summer months.
- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of \$2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of \$727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 2019-20 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government

revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “– *Dissolution of Redevelopment Agencies*” below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) (“**AB1X 26**”) and Assembly Bill No. 27 (First Extraordinary Session) (“**AB1X 27**”), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the “**Court**”) challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its “enforceable obligations.” For this purpose, AB1X 26 defines “enforceable obligations” to include “bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency” and “any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.” AB1X 26 specifies that only payments included on an “enforceable obligation payment schedule” adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a “recognized obligation payment schedule” the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each

county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;
- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency's successor agency for payment of administrative costs; and
- Any remaining balance to school entities and local taxing agencies.

The District did not receive any pass-through payments in fiscal year 2018-19 and does not anticipate it will receive any pass-through payments in fiscal year 2019-20.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the State Education Code, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a community funded district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant ("Base

Grant”) per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2019-20, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$7,702 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,818 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$8,050 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to \$9,329 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State.
- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local educational agency’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.
- An Economic Recovery Target (the “**ERT**”) that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13. The District currently qualifies as a community funded (also known as basic aid) district.

Local Control Accountability Plan. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan (“**LCAP**”). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district’s budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district’s LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the “**Collaborative**”), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the

Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local educational agency's LCAP.

Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "**EL/LI Students**"), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2019-20, respectively. The A.D.A. and enrollment numbers include special education in the table below:

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2019-20

Fiscal Year		A.D.A./Base Grant		Enrollment ⁽¹⁰⁾	
		9-12	Total A.D.A. ⁽²⁾	Total Enrollment	Unduplicated Percent of EL/LI Students
2013-14	A.D.A. ⁽²⁾	3,837	3,837	4,060	8.05%
	Targeted Base Grant ⁽³⁾	\$32,652,334	-	-	-
2014-15	A.D.A. ⁽²⁾	3,953	3,953	4,165	7.73%
	Targeted Base Grant ⁽³⁾⁽⁴⁾	\$35,265,196	-	-	-
2015-16	A.D.A. ⁽²⁾	4,243	4,243	4,483	7.79%
	Targeted Base Grant ⁽³⁾⁽⁵⁾	\$38,403,669	-	-	-
2016-17	A.D.A. ⁽²⁾	4,412	4,412	4,693	7.76%
	Targeted Base Grant ⁽³⁾⁽⁶⁾	\$39,902,034	-	-	-
2017-18	A.D.A. ⁽²⁾	4,567	4,567	4,828	8.84%
	Targeted Base Grant ⁽³⁾⁽⁷⁾	\$42,087,528	-	-	-
2018-19 ⁽¹⁾	A.D.A. ⁽²⁾	4,807	4,807	5,043	9.68%
	Targeted Base Grant ⁽³⁾⁽⁸⁾	\$45,990,629	-	-	-
2019-20 ⁽¹⁾	A.D.A.	4,784	4,784	5,062	10.48%
	Targeted Base Grant ⁽³⁾⁽⁹⁾	\$47,549,275	-	-	-

⁽¹⁾ Figures are projections.

⁽²⁾ Except for fiscal year 2019-20, A.D.A. for the second period of attendance, typically in mid-April of each school year.

⁽³⁾ Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded until fiscal year 2018-19.

⁽⁴⁾ Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.

⁽⁵⁾ Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.

⁽⁶⁾ Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

⁽⁷⁾ Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.

⁽⁸⁾ Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.

⁽⁹⁾ Targeted fiscal year 2019-20 Base Grant amount reflects a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

⁽¹⁰⁾ Except for fiscal year 2019-20, reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, the percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: The District.

The District estimates it received approximately \$64.0 million in aggregate revenues allocated under the LCFF in fiscal year 2018-19, and has projected to receive approximately \$66.6 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 71.8% of its general fund revenues in fiscal year 2019-20). Such amount includes an estimated \$869,592 in supplemental and concentration grants in fiscal year 2018-19 and is projected to be

approximately \$971,982 in fiscal year 2019-20.

Local Sources of Education Funding

General. The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 et seq. and Sections 95 et seq. of the State Revenue and Taxation Code. Section 42238(h) of the State Education Code itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a basic aid district and is now referred to as a community funded district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "— Allocation of State Funding to School Districts; Local Control Funding Formula" above for more information about the LCFF.

Local property tax revenues account for approximately 71.3% of the District's total general fund revenues in fiscal year 2018-19, and are projected to be approximately \$66.2 million, or 70.4% of total general fund revenues in fiscal year 2019-20.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently. In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the \$120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for the current fiscal year or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 1.2% (or approximately \$1.1 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 5.7% (or approximately \$5.3 million) of the District's general fund budgeted revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is budgeted at approximately \$980 thousand for fiscal year 2019-20.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 21.3% (or approximately \$19.7 million) of the District's general fund projected revenues for fiscal year 2019-20.

Parcel Taxes

Parcel taxes are "special taxes" under the California Constitution, requiring the approval of 2/3 of the voters voting on the measure. Parcel tax revenues comprise approximately 17.3% (or approximately \$16.1 million) of the District's general fund projected revenues for fiscal year 2019-20.

On November 8, 2011, approximately 73.4% of District voters authorized a parcel tax to maintain quality public high school education including small class sizes and exceptional instructional programs in Belvedere, Bolinas, Corte Madera, Fairfax, Greenbrae, Kentfield, Larkspur, Marin City, Mill Valley, Nicasio, Ross, San Anselmo, San Geronimo, Sausalito, Stinson Beach, and Tiburon. The measure renewed an existing parcel tax that was first authorized in 1989, and renewed in 1997 and 2004. The measure authorized the District to levy the tax at the initial rate of \$238.78 per year on each parcel of taxable real property in the District, and increased it to \$245.94 starting in July 2012, with a 3% annual increase every year thereafter for 10 years. This measure sunsets on June 30, 2021.

On November 6, 2018, approximately 74.0% of District voters authorized a parcel tax to protect high quality education with local funding that cannot be taken by the State, attract and retain highly qualified teachers, counselors and staff; provide excellent science, technology, engineering, math, reading/writing instruction; protect art/music programs; and maintain small class sizes. The measure authorized the District to levy the tax at the rate of \$149 per year on each parcel of taxable real property in the District for a term of four years. This measure sunsets on June 30, 2022.

Significant Accounting Policies and Audited Financial Reports

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Christy White Associates has served as independent auditor to the District and its report for the fiscal year ended June 30, 2018 is attached hereto as APPENDIX B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audit report for each fiscal year with the County Superintendent and State officials by December 15 and to review the report and any recommended changes following a public meeting to be conducted no later than January 31.

The following table sets forth the statement of general fund revenues, expenditures and changes in fund balance for the District's general fund for fiscal years 2013-14 through 2017-18.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2017-18

	2013-14 Actuals	2014-15 Actuals ⁽¹⁾	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals
REVENUES					
LCFF Sources	\$46,834,574	\$50,092,052	\$54,034,760	\$57,789,172	\$60,885,566
Federal Revenue	965,131	1,074,866	983,727	1,089,075	901,252
Other State Revenue	2,183,170	1,616,671	6,204,761	5,505,350	5,391,339
Other Local Revenue	15,060,335	14,764,343	15,262,928	15,376,611	15,515,514
TOTAL REVENUES	\$65,043,210	\$67,547,932	\$76,486,176	\$79,760,208	\$82,693,671
EXPENDITURES					
Certificated Salaries	\$27,831,727	\$30,099,141	\$32,518,912	\$35,283,073	\$37,348,702
Classified Salaries	8,517,952	9,286,595	9,751,262	10,018,095	10,014,465
Employee Benefits	12,689,983	13,484,138	16,612,490	18,947,045	21,148,441
Books and Supplies	3,380,518	2,983,193	3,158,365	3,376,633	3,783,625
Services, Other Operating Expenditures	8,100,249	9,303,456	10,127,483	10,683,378	12,185,103
Transfers of Indirect Costs	(50,706)	(50,893)	(163,464)	(58,083)	(143,074)
Capital Outlay	2,004,670	988,207	3,018,024	356,165	267,924
Other Outgo	-	-	-	1,467,776	1,809,412
Debt Service	-	-	115,901	-	-
Intergovernmental Transfers	720,582	893,671	1,344,819	-	-
TOTAL EXPENDITURES	\$63,194,975	\$66,987,508	\$76,483,792	\$80,074,082	\$86,414,598
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$1,848,235	\$560,424	\$2,384	\$(313,874)	\$(3,720,927)
OTHER FINANCING SOURCES (USES)					
Inter-fund Transfers In	-	\$200,000	\$ 37,753	\$ 200,501	-
Inter-fund Transfers Out	\$(873,566)	(621,004)	(816,025)	(3,200,317)	\$(1,315,494)
	-	-	2,489,977	-	-
Other Financing Sources	-	850,000	(500,000)	-	-
TOTAL, OTHER FINANCING SOURCES (USES)	\$(873,566)	\$428,996	\$1,211,705	\$(2,999,816)	\$(1,315,494)
NET CHANGE IN FUND BALANCE	\$974,669	\$989,420	\$1,214,089	\$(3,313,690)	\$(5,036,421)
BEGINNING BALANCE	\$25,071,677	\$26,046,346	\$27,035,766	\$28,249,855	\$24,936,165
ENDING BALANCE	\$26,046,346	\$27,035,766	\$28,249,855	\$24,936,165	\$19,899,744

⁽¹⁾ 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.

Sources: The District's annual audited Financial Statements for fiscal years 2013-14 through 2017-18.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2018-19 and 2019-20 and the unaudited actuals for the revenues, expenditures and changes in fund balances for the District's general fund for fiscal year 2018-19. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20
and Unaudited Actuals for Fiscal Year 2018-19⁽¹⁾

	2018-19 Budgeted ⁽²⁾	2018-19 Unaudited Actuals ⁽³⁾	2019-20 Budgeted ⁽⁴⁾
REVENUES			
LCFF Sources	\$63,519,746	\$64,878,050	\$66,635,016
Federal Revenue	1,069,085	1,273,970	1,102,724
Other State Revenue	3,865,503	9,254,494	5,275,735
Other Local Revenue	13,363,139	19,177,869	19,742,526
TOTAL	\$81,817,473	\$94,575,383	\$92,756,001
EXPENDITURES			
Certificated Salaries	\$36,821,281	\$38,006,803	\$36,752,574
Classified Salaries	10,774,153	10,935,214	10,712,417
Employee Benefits	22,894,466	29,889,611	24,450,760
Books and Supplies	3,352,718	2,941,991	2,835,249
Services/Other Operating Expenditures	12,099,354	12,894,740	12,575,552
Other Outgo – Excluding Transfers of Indirect Costs	2,326,622	2,457,475	3,388,279
Other Outgo – Transfers of Indirect Costs	(30,343)	(16,169)	(28,392)
Capital Outlay	266,100	252,521	168,200
TOTAL	\$88,504,351	\$97,362,186	\$90,854,639
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$(6,686,878)	\$(2,786,803)	\$1,901,362
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	\$(1,243,473)	\$(1,726,491)	\$(1,535,000)
Other Sources/Uses	-	3,589,282	-
TOTAL OTHER FINANCING SOURCES (USES)	\$(1,243,473)	\$1,862,791	\$(1,535,000)
NET CHANGE IN FUND BALANCE	\$(7,930,351)	\$(924,012)	\$366,362
Fund Balance – Beginning	\$16,519,644⁽⁵⁾	\$19,564,611⁽⁵⁾	\$14,248,664⁽⁶⁾
Fund Balance – Ending	\$8,589,293	\$18,640,599	\$14,615,026

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Adopted budget for fiscal year 2018-19, as of June 26, 2018.

⁽³⁾ Unaudited actuals for fiscal year 2018-19, as of September 10, 2019.

⁽⁴⁾ Adopted budget for fiscal year 2019-20, as of June 25, 2019.

⁽⁵⁾ Difference between beginning fund balances for fiscal year 2018-19 is a result of passage of additional parcel tax, significant expenditure reductions totaling approximately \$3 million, and employee salary settlements.

⁽⁶⁾ Beginning fund balance for fiscal year 2019-20 is based on ending fund balance in fiscal year 2018-19 estimated actuals.

Source: The District.

District Budget Process and County Review

State law requires school districts to adopt a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Marin Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the Superintendent of Public Instruction and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the Superintendent of Public Instruction and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the Superintendent of Public Instruction and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the State Education Code (Section 42100 et seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that

fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from ad valorem property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

District Debt Structure

General Obligation Bonds. On March 6, 2001, the voters of the District approved a bond proposition authorizing the issuance of \$121 million of bonds by greater than a two-thirds affirmative vote. All of the approved bonds were issued in three series, in 2001, 2002, and 2004. The Series 2001, Series 2002, and Series 2004 Bonds have since been refunded by the District's 2010 General Obligation Refunding Bonds and 2011 General Obligation Refunding Bonds.

On June 6, 2006, the voters of the District approved a bond proposition authorizing the issuance of \$79.92 million of bonds by greater than a 55% percent affirmative vote. All of the approved bonds were issued in a single series in 2006. The Series 2006 Bonds have since been refunded by the District's 2014 General Obligation Refunding Bonds.

As of September 1, 2019, prior to the issuance of the Bonds, the outstanding bonds of the District are as follows:

Series Name	Date of Issue	Initial Principal Amount	Outstanding Principal Amount
2010 General Obligation Refunding Bonds*	06/24/2010	\$48,210,000.00	\$27,045,000
2011 General Obligation Refunding Bonds*	12/29/2011	36,460,000.00	23,640,000
2014 General Obligation Refunding Bonds	11/25/2014	55,120,000.00	45,990,000
TOTAL		\$139,790,000.00	\$96,675,000

* To be refunded in part with proceeds of the Bonds.

Voter-approved bonds are payable from an unlimited *ad valorem* property tax authorized to be levied by the County as necessary to repay the scheduled debt service in each year. See “DEBT SERVICE SCHEDULES – Combined Annual General Obligation Debt Service” for a description of principal and interest due in each year on all bonds outstanding.

Tax and Revenue Anticipation Notes. The District’s tax and revenue anticipation notes are a general obligation of the District, payable from the District’s general fund and any other lawfully available moneys. The District evaluates each year whether or not temporary borrowing will be necessary or economically beneficial. The District is not currently planning to issue, nor have the County issue on its behalf, tax and revenue anticipation notes in fiscal year 2019-20.

Accumulated Unpaid Employee Vacation. The long-term portion of accumulated unpaid employee vacation for the District as of June 30, 2018, amounted to \$219,945.

Labor Relations

As of June 25, 2019, the District budgeted for approximately 464.2 full time equivalent (“FTE”) employees, including 292.2 FTE certificated (credentialed teaching) positions, 140.3 FTE classified (non-teaching) positions, and 31.7 management, supervisor and confidential FTE positions. For fiscal year 2018-19, the total certificated and classified payrolls from all funds were approximately \$37.8 million and \$11.1 million, respectively. For fiscal year 2019-20, the total certificated and classified payrolls from all funds are budgeted to be approximately \$36.8 million and \$10.7 million, respectively.

The District’s certificated and classified employees are represented by formal bargaining organizations as shown in the following table:

TAMALPAIS UNION HIGH SCHOOL DISTRICT (County of Marin, California) Labor Organizations

Labor Organization	FTE Employees Represented	Contract Expiration
Tamalpais Federation of Teachers	326	June 30, 2020
California Schools Employees Association	172	June 30, 2020
Total	448	

Source: The District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and the State Public Employees’ Retirement System (“CalPERS”), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8.0% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2.0% of salary for each year of service at age 60 referred to herein as “pre-enhancement benefits”) within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.0% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State’s total contribution also increased from approximately 3.0% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers’ Retirement Board voted to adopt revised actuarial assumptions reflecting members’ increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As of June 30, 2017, an actuarial valuation (the “**2017 CalSTRS Actuarial Valuation**”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.3 billion, an increase of approximately \$10.6 billion from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 63.9%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPPRA (as defined herein). See “—*California Public Employees’ Pension Reform Act of 2013*” below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation as of June 30, 2016 stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2018	16.28%
2019 ⁽¹⁾	17.10
2020 ⁽¹⁾	18.40

⁽¹⁾ Pursuant to 2019-20 State Budget.
Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18, the estimated contribution in fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20:

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Contributions to CalSTRS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2012-13	\$2,210,992
2013-14	2,319,946
2014-15	2,690,853
2015-16	3,471,166
2016-17	4,415,337
2017-18	5,314,306
2018-19 ⁽¹⁾	6,150,034
2019-20 ⁽²⁾	6,187,331

⁽¹⁾ Estimated.

⁽²⁾ Projected.

Source: The District.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

The CalPERS Schools Actuarial Valuation as of June 30, 2016 indicates that the funded ratio as of June 30, 2016 is approximately 71.9% on a market value of assets basis. According to the CalPERS Schools Actuarial Valuation as of June 30, 2015, the CalPERS Schools plan had a funded ratio of 77.5% on a market value of assets basis. The funded ratio, on a market value basis, as of June 30, 2014, June 30, 2013, June 30, 2012, June 30, 2011 and June 30, 2010 was 86.6%, 80.5%, 75.5%, 78.7% and 69.5%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates.

Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS applied the assumptions beginning with the June 30, 2015 valuation for the schools pool, which was used to establish employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9.0% of payroll for safety employees and up to 5.0% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In April 2017, CalPERS adopted an employer contribution rate of 15.531% for the schools pool and a member contribution rate of 6.5% for school employees subject to PEPRA for the period of July 1, 2017 to June 30, 2018.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18, the estimated contribution in fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20:

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
Contributions to CalPERS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2012-13	\$1,579,328
2013-14	1,611,581
2014-15	1,747,784
2015-16	1,800,792
2016-17	2,014,592
2017-18	2,180,294
2018-19 ⁽¹⁾	2,652,317
2019-20 ⁽²⁾	2,876,399

⁽¹⁾ Estimated.

⁽²⁾ Budgeted.

Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2018-19 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "*California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will

have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "**Reform Act**" or "**PEPRA**") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "**Implementation Date**"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board ("**GASB**") approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("**Statement Number 67**"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("**Statement Number 68**"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District implemented the provisions of GASB 68 which required the District to recognize its

proportionate share of its unfunded pension liabilities with CalPERS and CalSTRS. These amounts were presented as long-term liabilities and are funded as a component of the annual required contribution that District makes to CalPERS and CalSTRS on behalf of its employees. See APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

Other Post-Employment Benefits. In addition to the retirement plan benefits with CalSTRS and CalPERS (see “– Retirement Benefits” above), the District provides medical, dental and vision benefits for employees and eligible dependents through its Postemployment Healthcare Plan (the “**Plan**”). For a description of the Plan, see Note 10 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.” As of June 30, 2018, membership in the Plan consisted of 34 retirees and beneficiaries receiving benefits and 446 active plan members.

GASB released its Statement Number 45 (“**Statement Number 45**”), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) (“**OPEB**”) liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. Statement Number 45 was phased in over a three-year period based upon the entity’s revenues. Statement Number 45 became effective for the District beginning in fiscal year 2008-09.

In 2017, the District implemented GASB Statement Number 75 (“**Statement Number 75**”), as a replacement to Statement Number 45. Under Statement Number 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (“**total OPEB liability**”), less the amount of the OPEB plan’s fiduciary net position. The District’s total OPEB liability for the year ended June 30, 2018, was \$6,938,302, and its net OPEB liability was \$2,999,085. For the year ended June 30, 2018, total contributions to the Plan were \$616,878 and total benefit payments were \$656,712. Total See APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018,” Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

For additional information about the District’s Plan, as well as information regarding the actuarial study of retiree health liabilities, see Note 9 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

Joint Ventures

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

Fund transactions between the JPAs and the District are described in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018,” Note 13.

The District is not a member of any other joint powers agencies or authorities.

Charter Schools

Charter schools operate as autonomous public schools, under charter from a school district, county office of education, or the State Board of Education, with minimal supervision by the local school district. Charter schools receive revenues from the State and from the District for each student enrolled, and thus reduce revenues available for students enrolled at District schools. The District is also required to accommodate charter school students originating in the District in facilities comparable to those provided for regular District students.

There are currently no charter schools operating in the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, State voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed at \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“**Article XIII B**”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain

moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2018-19, the District had an appropriations limit of \$81,371,264 and appropriations subject to such limit of \$81,371,264. The District has budgeted an appropriations limit in fiscal year 2019-20 of \$87,335,412. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

Article XIII C and Article XIII D of the State Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the State Constitution Articles XIII C and XIII D (“**Article XIII C**” and “**Article XIII D**,” respectively), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District imposes parcel taxes which are subject to the provisions of Proposition 218. The District also receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency’s governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court’s decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “**Accountability Act**”). The Accountability Act changed State funding of public education below the university level, and the operation of the State’s Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, “**K-14 districts**”) at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State’s budgets in a different way than is proposed in the Governor’s Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State’s budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State’s ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 school districts and the K-14 school Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the “change in the cost of living” by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State’s spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the “excess” tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts’ minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts’ base expenditures for calculating their entitlement for State aid in the following year and would not increase the State’s appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain “qualified capital outlay projects” and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the “**first test**”) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “**second test**”). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a “credit” to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "**Education Protection Account**"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("**Proposition 55**"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "**Public School System Stabilization Account**") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

The 2019-20 State Budget includes a constitutionally required deposit into the Public School System Stabilization Account in the amount of \$376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps under SB8 858 or SB 751 (described below), as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 of the Proposition 98 guarantee (approximately \$2.1 billion).

SB 858. Senate Bill 858 ("**SB 858**") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000

students, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000 students, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000 students, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 (“**SB 751**”), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2018

San Diego

Los Angeles

San Francisco
Bay Area

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

TAMALPAIS UNION HIGH SCHOOL DISTRICT
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JUNE 30, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Tamalpais Union High School District
Larkspur, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tamalpais Union High School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Tamalpais Union High School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO

LOS ANGELES

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State Board of Accountancy*

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tamalpais Union High School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 10 to the financial statements, in 2018 Tamalpais Union High School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Supplementary Information, continued

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of Tamalpais Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tamalpais Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tamalpais Union High School District's internal control over financial reporting and compliance.



San Diego, California
December 12, 2018

TAMALPAIS UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

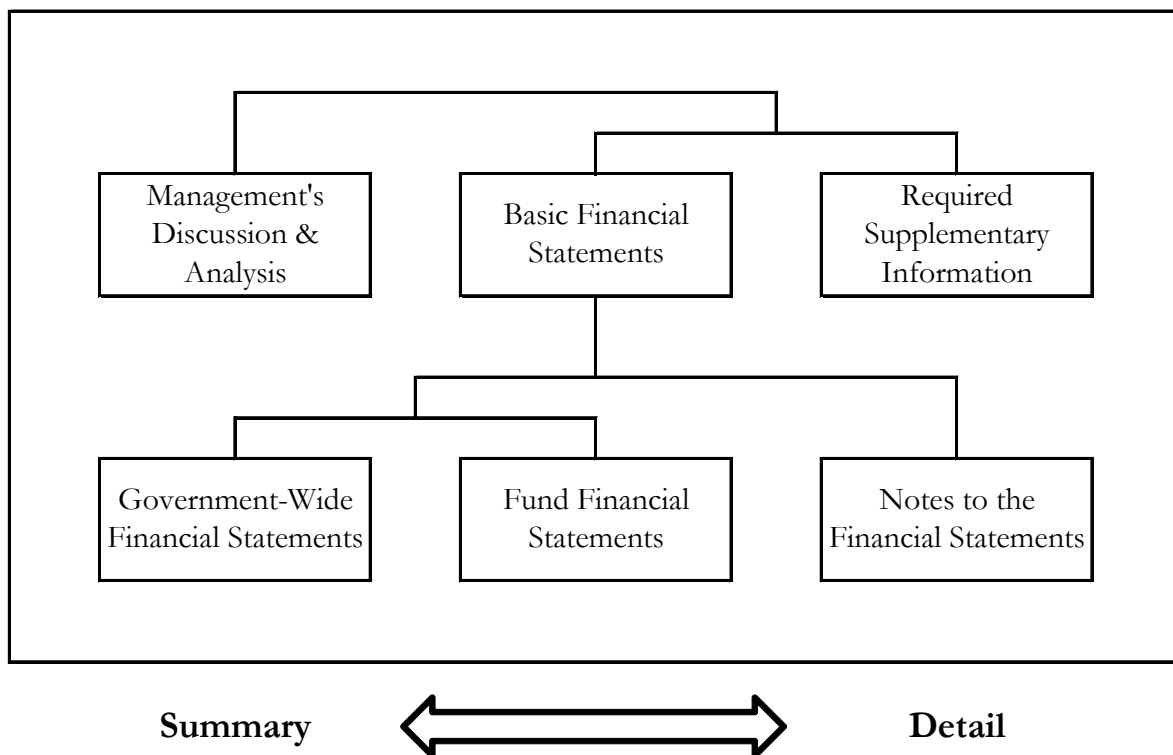
Our discussion and analysis of Tamalpais Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



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

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

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

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

Government-Wide Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

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

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

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

CURRENT YEAR BUDGET 2017-2018

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

Long-Term Debt

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

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

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital assets:

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

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

Deferred amount on refunding:

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

6,912,950

Unmatured interest on long-term debt:

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

(2,102,375)

Housing loan:

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

500,000

Long-term liabilities:

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

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

(Continued on the following page)

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

Deferred outflows and inflows of resources relating to pensions:

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

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

Deferred outflows and inflows of resources relating to OPEB:

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

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

Internal service funds:

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

67,750

Total Net Position - Governmental Activities

\$ (861,761)

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

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

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

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

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

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

Capital outlay:

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

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

Debt service:

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

7,600,050

Deferred amounts on refunding:

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

(585,332)

Gain or loss from the disposal of capital assets:

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

(60,250)

Unmatured interest on long-term debt:

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

133,583

Compensated absences:

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

(11,380)

Postemployment benefits other than pensions (OPEB):

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

665,813

(Continued on following page)

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

Pensions:

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

(1,350,605)

Amortization of debt issuance premium or discount:

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

1,219,419

Internal Service Funds:

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

(721)

Change in Net Position of Governmental Activities

\$ (4,267,015)

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

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

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

C. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

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

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

Non-Major Governmental Funds

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

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

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

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

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

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

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds (*continued*)

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

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

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions, continued

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

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

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

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

Interfund Balances

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

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

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

J. New Accounting Pronouncements

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

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

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 85 for the year ended June 30, 2018.

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

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has not determined the impact on the financial statements.

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

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

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Marin County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$35,657,607 and an amortized book value of \$35,619,285. The average weighted maturity for this pool is 211 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2018, the pooled investments in the County Treasury were not rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Marin County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2018 were as follows:

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

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

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

NOTE 4 – CAPITAL ASSETS

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

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

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

NOTE 5 – INTERFUND TRANSACTIONS

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

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

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

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

B. Operating Transfers

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

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

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

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

NOTE 6 – ACCRUED LIABILITIES

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

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

NOTE 7 – UNEARNED REVENUE

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

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

NOTE 8 – LONG-TERM DEBT

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

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

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

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

NOTE 8 – LONG-TERM DEBT (continued)

A. Compensated Absences

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

B. Solar Equipment Lease

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

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

C. General Obligation Bonds

Election of 2001

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

Election of 2006

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

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

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

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

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

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

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

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

D. Other Postemployment Benefits

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

E. Net Pension Liability

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

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

NOTE 9 – FUND BALANCES

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

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

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

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

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

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

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

D. Contributions

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

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

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

E. Plan Membership

Membership of the Plan consisted of the following:

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

*Information not provided

**As of the June 30, 2017 valuation date

F. Net OPEB Liability

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

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

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

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

G. Investments

Investment Policy

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

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

Rate of Return

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

H. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

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

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

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

H. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions:

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

Mortality Table for Males or Females, as appropriate, without projection.

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

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

The discount rate was based on:

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

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

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

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

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

I. Changes in Net OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 11 – PENSION PLANS

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

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

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

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

NOTE 11 – PENSION PLANS (continued)

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

Contributions

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

On-Behalf Payments

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

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

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

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.065 percent, which was an increase of 0.00107 percent from its proportion measured as of June 30, 2016.

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

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2018, the District recognized pension expense of \$6,063,385. In addition, the District recognized pension expense and revenue of \$1,020,715 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

The \$5,294,883 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

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

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

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

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

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

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

*20-year geometric average

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

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

Pension Plan Fiduciary Net Position

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

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

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

Contributions

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

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

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

At June 30, 2018, the District reported a liability of \$19,772,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.083 percent, which was a decrease of 0.00309 percent from its proportion measured as of June 30, 2016.

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

NOTE 11 – PENSION PLANS (continued)

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

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

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

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

The \$2,180,295 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

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

Discount Rate

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

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

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

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

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

NOTE 11 – PENSION PLANS (continued)

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

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

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

C. Construction Commitments

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

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

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

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

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

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

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

B. Pension Plans

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

C. Other Postemployment Benefits

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

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

NOTE 15 – RESTATEMENT OF NET POSITION

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

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

NOTE 16 – HOUSING LOAN

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

See accompanying note to required supplementary information.

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

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

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

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

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

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

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

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

*Amounts do not include on-behalf contributions

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

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

See accompanying note to required supplementary information.

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Net OPEB Liability and Related Ratios

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

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

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

SUPPLEMENTARY INFORMATION

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

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

[1] - Major Program

[2] - In-Kind Contribution

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See accompanying note to supplementary information.

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

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

See accompanying note to supplementary information.

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

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

GOVERNING BOARD

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

DISTRICT ADMINISTRATORS

Dr. Tara Taupier
Superintendent

Lars Christensen
Assistant Superintendent of Human Resources and Facilities

Corbett Elsen
Chief Financial Officer

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

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2018, the District participated in the Longer Day incentive funding program. As of June 30, 2018, the District had not yet met its target funding.

Schedule of Financial Trends and Analysis

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

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board
Tamalpais Union High School District
Larkspur, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tamalpais Union High School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Tamalpais Union High School District's basic financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tamalpais Union High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tamalpais Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tamalpais Union High School District's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2018-001)

Compliance and Other Matters

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

Tamalpais Union High School District's Response to Findings

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

Purpose of this Report

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



San Diego, California
December 12, 2018

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

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board

Tamalpais Union High School District

Larkspur, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



San Diego, California
December 12, 2018

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Tamalpais Union High School District
Larkspur,, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tamalpais Union High School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Tamalpais Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Tamalpais Union High School District's compliance with those requirements.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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Opinion on State Compliance

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

Other Matters

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

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

Procedures Performed

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

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

(Continued on the following page)

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

Christy White Associates

San Diego, California
December 12, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Number(s)

84.027

Name of Federal Program or Cluster

IDEA Basic Local Assistance Entitlement, Part B, Sec 611

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

STATE AWARDS

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

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

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

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

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

Condition:

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

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

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

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

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

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

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

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

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

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

FIVE DIGIT CODE

10000
40000
42000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

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

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

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

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

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

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

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

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

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

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

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

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

FINDING # 2018-003: ATTENDANCE REPORTING (10000)

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

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

Second Period Attendance Report:

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

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

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

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

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

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

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

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

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Trustees
Tamalpais Union High School District
Larkspur, California

Tamalpais Union High School District
2019 General Obligation Refunding Bonds (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Tamalpais Union High School District (the “District”), which is located in the County of Marin, California (the “County”), in connection with the issuance by the District of \$42,925,000 aggregate principal amount of bonds designated as “Tamalpais Union High School District 2019 General Obligation Refunding Bonds (Federally Taxable)” (the “Bonds”). The Bonds are authorized by a resolution adopted by the Board of Trustees of the District on September 10, 2019 (the “Resolution”), and issued pursuant to a paying agent agreement, dated as of October 1, 2019 (the “Paying Agent Agreement”), between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, certificates of the District and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or

fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.
2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the District.
3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
4. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

TAMALPAIS UNION HIGH SCHOOL DISTRICT
(County of Marin, California)
2019 GENERAL OBLIGATION REFUNDING BONDS
(FEDERALLY TAXABLE)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Tamalpais Union High School District (the “District”) in connection with the issuance of \$42,925,000 aggregate principal amount of Tamalpais Union High School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the “Bonds”). The Bonds are being issued as authorized by a resolution adopted by the Board of Trustees of the District on September 10, 2019 (the “Resolution”), and in accordance with the terms of a Paying Agent Agreement, dated as of October 1, 2019 (the “Paying Agent Agreement”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean BLX Group LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated September 19, 2019 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a timely notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

- * Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.
- * District average daily attendance for the last completed fiscal year.
- * District outstanding debt as of June 30 of the last completed fiscal year.
- * Information regarding total assessed valuation of taxable properties within the District for the then current fiscal year.

* Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County for the then current fiscal year.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be BLX Group LLC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Marin or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 9, 2019.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

By: _____
Chief Financial Officer

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District: TAMALPAIS UNION HIGH SCHOOL DISTRICT

Name of Bond Issues: TAMALPAIS UNION HIGH SCHOOL DISTRICT
2019 GENERAL OBLIGATION REFUNDING BONDS
(FEDERALLY TAXABLE)

Date of Issuance: October 9, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

TAMALPAIS UNION HIGH SCHOOL DISTRICT

By: _____ [to be signed only if filed]

APPENDIX E

COUNTY OF MARIN INVESTMENT POLICY AND INVESTMENT REPORT

The following information has been furnished by the Office of the Director of Finance, County of Marin. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the County Director of Finance, 3501 Civic Center Drive, Room #225, San Rafael, California 94903.

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DEPARTMENT OF FINANCE

excellent and responsive fiscal leadership.

Roy Given, CPA
DIRECTOR

Mina Martinovich, CPA
ASSISTANT DIRECTOR

Board of Supervisors
County of Marin
Civic Center
San Rafael, CA 94903

December 4, 2018

Marin County Civic Center
3501 Civic Center Drive
Suite 225
San Rafael, CA 94903
415 473 6154 T
415 473 3680 F
CRS Dial 711
www.marincounty.org/dof

Subject: 2018/2019 Annual Statement of Investment Policy

Dear Board Members:

Recommendation: Pursuant to Government Code Section 53646, the following are submitted for review and approval:

- 2018/2019 Annual Statement of Investment Policy for funds managed by the Treasurer's office for the County, schools, college and Special Districts; and
- 2018/2019 Marin County Long-Term Investment Pool Policy for funds managed by the Treasurer's office for the Marin County General Fund;

Summary: There are no changes to the 2018/2019 Annual Statement of Investment Policy; it has been reviewed and monitored by the County Treasury Oversight Committee. The committee's membership is listed below. The authority for the committee and their responsibilities are contained in Government Codes sections 27130-27137.

Additionally, the 2018/2019 Annual Statement of Investment Policy is reviewed and monitored monthly by Fitch Ratings, an independent rating agency. Their report is attached. We continue with a rating of AAA/S1. The County's AAA rating has been maintained since 1994. The rating received is reflective of the outstanding work of the Treasury unit.

Alternative Recommendation: N/A

Reviewed by:	<input checked="" type="checkbox"/> Finance Department	<input type="checkbox"/> N/A
	<input type="checkbox"/> County Counsel	<input checked="" type="checkbox"/> N/A
	<input checked="" type="checkbox"/> Administrator	<input type="checkbox"/> N/A

Respectfully submitted,*

Roy Given
Director of Finance

04-56

cc: Treasury Oversight Committee:

Matthew Hymel, County Administrator

Dan Eilerman, Alternate Representative, County Administrator

Mary Jane Burke, Marin County Superintendent of Schools

Dan Hom, Special Districts Representative

Mike Watenpaugh, San Rafael City Schools Superintendent

Jean Bonander, Public Member

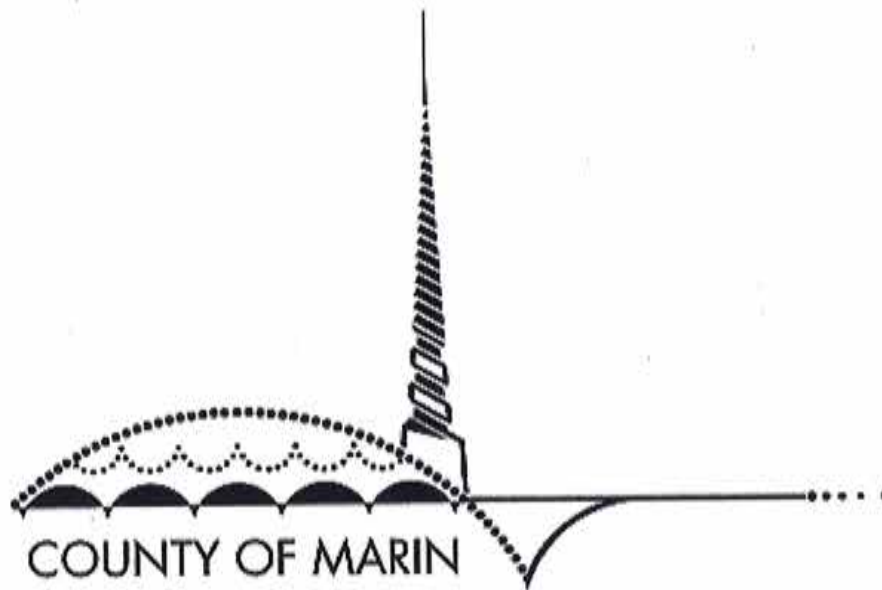
Roy Given, Director of Finance

Marin County School Districts

Special Districts

MCERA

STATEMENT OF INVESTMENT POLICY



***Department of Finance
Roy Given, Director***

Fiscal Year 2018-2019

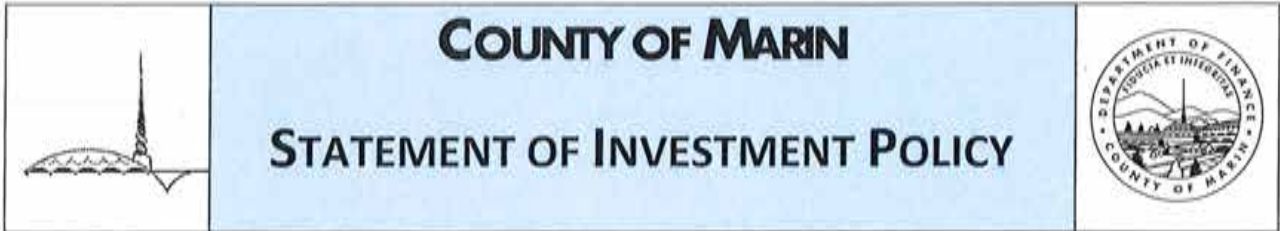
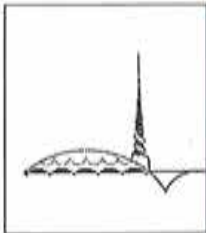


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COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin:

I. OBJECTIVES:

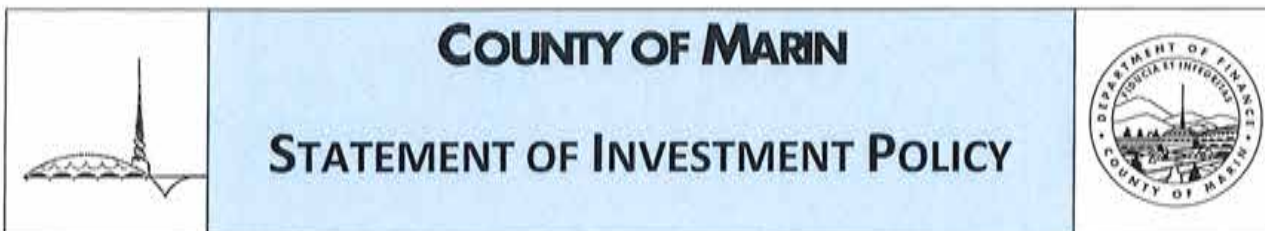
All funds on deposit in the County Treasury shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements;
- (c) A **rate of return** consistent with the above objectives.

2. PARTICIPANTS

Participants in the Marin County Pool are defined as Marin County, Marin Public School Agencies, Marin Community College, Marin County Office of Education, districts under the control of the County Board of Supervisors, autonomous/independent districts whose treasurer is the Director of Finance and any other district or agency approved by the Board of Supervisors and the Director of Finance using the County of Marin as their fiscal agent.

- (a) **Statutory participants** are those government agencies within the County of Marin for which the Marin County Treasurer is statutorily designated as the Custodian of Funds.
- (b) **Voluntary participants** are other local agencies that may participate in the Pooled Investment Fund, such as special districts and cities for which the Marin County Treasurer is not statutorily designated as the Custodian of Funds. Participation is subject to approval by the Director of Finance, and in accordance with California Government Code Section 53684.



3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day to day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

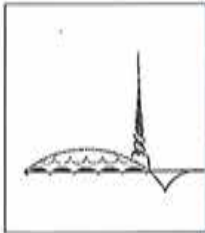
All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the participants.

4. BIDS & PURCHASE OF SECURITIES

Prior to the purchase of an investment pursuant to this policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker/dealers, and the media. Bids for various investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor and thirdly, yield. Investments in commercial paper, bankers acceptances and certificates of deposit for each issuer shall be limited to five percent (5%) of Treasury assets, determined using the Treasury balance at the time of purchase, except that investments in overnight commercial paper shall be limited to seven percent (7%) of Treasury assets for any one issuer. The investment selected for purchase shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All security transactions shall be documented at the time the transaction is consummated.

5. TERM

Maturities of investments in the Marin County Treasury Pool shall be selected based upon liquidity requirements. The maximum remaining term to maturity for an investment shall be three (3) years; except that, subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. of the California Government Code, the Director of Finance may authorize investments in U.S. Treasury obligations and/or U.S. and local agency obligations with a maximum remaining term to maturity that shall not exceed five (5) years. The weighted average maturity of the investment pool, to be determined at the time of purchase, shall not exceed 540 days to final maturity/call.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



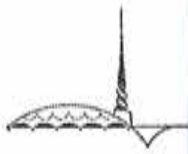
Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pool provided the Director of Finance obtains written approval from the governing board of the County, School District or Special District. No investment shall have a remaining maturity in excess of five (5) years.

Proceeds of Debt Issues set aside for repayment of any County, School District, or Special District financings shall not be invested for a term that exceeds the term set forth in the financing documents.

6. ALLOWED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may invest in the following subject to the limitations as set forth:

- (a) **United States Treasury obligations.**
- (b) **United States Agency obligations.**
- (c) **Securities of U.S. Government Agencies & Instrumentalities**
- (d) **State of California Bonds and Registered Warrants.**
- (e) **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.
- (f) **Bankers acceptances** not to exceed one hundred eighty (180) days to maturity or at the time of purchase thirty percent (30%) of the treasury fund balance.
- (g) **Commercial paper** of "prime" quality of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's Corporation, to be chosen from among corporations organized and operating within the United States with assets in excess of \$500,000,000.00 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed two hundred seventy (270) days in maturity and may not exceed forty percent (40%) of the treasury fund balance.
- (h) **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank selected on the basis of financial stability and credit rating criteria employed by the County Director of Finance. Negotiable certificates of deposit may not exceed thirty percent (30%) of the treasury fund balance.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



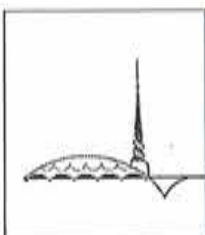
i) **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association selected on the basis of financial stability, credit rating and reputation using criteria employed by the County Director of Finance fully collateralized at one hundred ten percent (110%) of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed securities at one hundred fifty percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

(j) **Medium-term Notes** rated "A" or better, to be chosen from among corporations with assets in excess of \$500,000,000.00 with a maturity not to exceed two years from the date of purchase. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the treasury fund balance.

(k) **Shares of beneficial interest issued by diversified management companies**, which are money market funds investing in securities and obligations as authorized by this investment policy. To be eligible for investment these companies shall attain the highest ranking or the highest letter and numerical rating provided by no less than two nationally recognized statistical rating organizations and have assets under management in excess of \$500,000,000.00. The purchase price may not include any commissions that these companies may charge, and the purchase of shares in any one mutual fund may not exceed ten percent (10%) of the treasury balance and the total invested may not exceed twenty percent (20%) of the treasury balance. Shares of beneficial interest issued by diversified management companies may include shares in investment trusts established under provisions of the California Joint Exercise of Powers Act.

(l) **Repurchase agreements** on any investment authorized by this investment policy where the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted daily. The County Director of Finance or designee must approve any collateral substitution by the seller, and any new collateral should be reasonably identical to the original collateral in terms of maturity, yield, quality and liquidity.

(m) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.



COUNTY OF MARIN

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(n) **Financial Institution Investment Accounts** All funds on deposit with the County shall be managed by the Director of Finance. The Director of Finance may, at his option, at the time of placement, place not more than five percent (5%) of the Treasury assets at the time of investment with a financial institution for the purpose of managing such funds. Securities eligible for purchase by the financial institution are limited to United States Treasury and Agency obligations with a "AAA" credit quality rating, must be held in the County's name in a third party custody account, may not have a remaining maturity in excess of three (3) years, and the account shall have an average maturity of 1.5 years or less. All security transactions shall be supervised and approved by designated staff on the Authorized Investor List.

Where a percentage limitation is specified for a particular category of investments, that percentage is applicable only at the time of purchase.

7. PROHIBITED INVESTMENTS

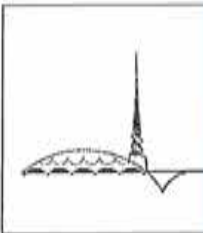
(a) The County Director of Finance **shall not invest** in any **Derivatives** such as inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages or any security bearing a rate of interest which is not known at the time of purchase.

(b) The County Director of Finance shall not invest any funds in any security that could result in **zero interest accrual** if held to maturity or where there is a risk of loss of principal when held to maturity.

(c) **Reverse repurchase agreements**, securities lending agreements and all other investments that are not specifically allowed by this investment policy are prohibited.

(d) In accordance with Marin County's Nuclear Freeze Ordinance Measure "A" (Exhibit 1) as approved by the voters on November 4, 1986, the County is prohibited from investing in securities or other obligations of any corporation or business entity which is a **nuclear weapons contractor**.

Furthermore, said corporations or business entities that the County Director of Finance does invest in must file an affidavit as required by Measure "A" Section VI. B certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors. A copy of each affidavit received shall be sent to the Peace Commission.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



8. BROKERS

Broker/dealers shall be selected by the Director of Finance upon recommendation by the Investment Officer or designated principal staff on the Authorized Investor List. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution and the reputation and expertise of the individuals employed. The Director of Finance shall be prohibited from selecting any broker, brokerage firm, dealer, or securities firm that has, within any 48 consecutive month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, any member of the Board of Supervisors, any member of the governing board of a local agency having funds held in the County Treasury, or any candidate for those offices. The broker/dealers shall be provided with and acknowledge receipt of the County Investment Policy.

9. WITHDRAWALS

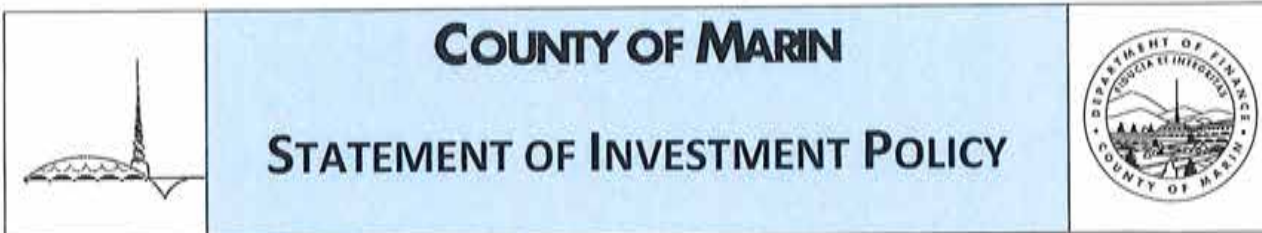
No withdrawals from the Marin County Pool shall be made for the purpose of investing and or depositing those funds outside the pool without the prior approval of the Marin County Director of Finance. The Director of Finance shall evaluate each proposed withdrawal to assess the effect the withdrawal will have upon the stability and predictability of the investments in the County Treasury. Approval shall be given unless the withdrawal will adversely affect the interests of the other depositors. Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. Notice in writing of at least five (5) business days shall be required for withdrawals in excess of \$250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

10. SWAPS

Securities can be swapped for other approved securities with similar maturity schedules to gain higher rates of return. When a swap involves a change in liquidity, future cash needs shall be conservatively estimated.

11. LOSSES

Losses are acceptable on a sale before maturity, and may be taken if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.



12. DELIVERY & SAFEKEEPING

Delivery of all securities shall be through a third party custodian. Non-negotiable certificates of deposit and notes of local agencies may be held in the Director of Finance's safe. The County's safekeeping agent shall hold all other securities. No security shall be held in safekeeping by the broker/dealer from whom it was purchased. Settlement payment in a securities transaction will be against delivery only, and a Due Bill or other substitution will not be acceptable. Persons authorized under section three (3) who did not originate the investment transaction shall review all confirmations for conformity with the original transaction. Confirmations resulting from securities purchased under a repurchase agreement shall state the exact and complete nomenclature of the underlying securities purchased.

13. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting whereby interest will be apportioned for the quarter in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

14. CONFLICT OF INTEREST

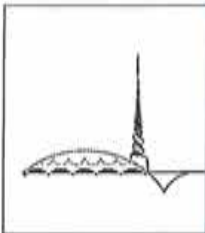
A member of the county treasury oversight committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

15. AUDITS

The County of Marin investment portfolio shall be subject to a process of independent review by the County's external auditors. The County's external auditors shall review the investment portfolio in connection with the annual county audit for compliance with the statement of investment policy pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Marin County Treasury Oversight Committee.

15.1 Compliance Audit: Government Code Section 27134

The Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasury's compliance with Article 6 of the Government Code. This audit may include issues relating to the structure of the investment portfolio and risk



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



16. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

17. REPORTS

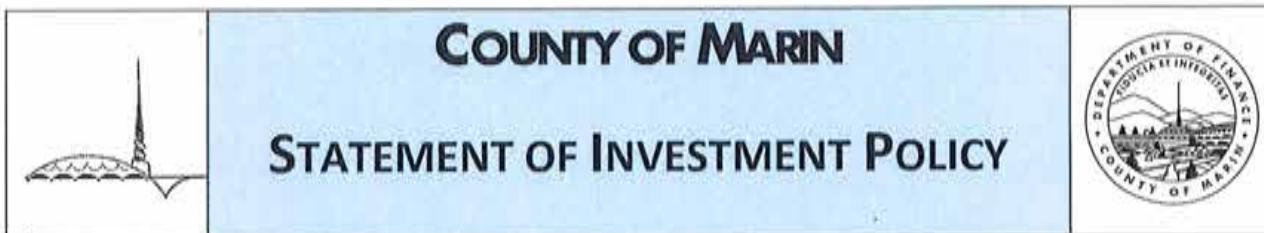
The Director of Finance shall prepare a monthly report listing all investments in the County Pool as of the last day of the month and a report of the average days to maturity and yield of investments in the County Pool. The Director of Finance shall also prepare a monthly report for all non-pooled investments. These reports shall be distributed to the Marin County Board of Supervisors, Superintendent of Schools, Marin Public School Agencies, Special Districts, non-pooled investors, the County's investment oversight committee, and any other participant upon request.

18. INVESTMENT POLICY

The County Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

19. TREASURY OVERSIGHT COMMITTEE

Consistent with State law the County has established a Treasury Oversight Committee. The Committee includes representatives from the County of Marin, Superintendent of Schools' Office, School Districts and Special Districts. The Committee shall review and monitor the Investment Policy as contained in California Government Code Sections 27130 – 27137.



20. DISASTER /BUSINESS CONTINUITY PLAN

The County of Marin's banking and investment functions are mission critical and as such, the office must have a business continuity plan.

The goal of a disaster/business recovery plan is to protect and account for all funds on deposit with the county treasury and to be able to continue our banking and investment functions for all participants in the event of an occurrence (Earthquake, Fire, Pandemic or other event) which disrupt normal operations. Our plan provides for the ability to perform our banking and investment function at an off-site location under less than optimal conditions and, if needed, even outside our county.

In the event of an occurrence which precludes staff from being able to operate from our office, the attached plan (exhibit 2) will be activated. The plan includes:

- Scope
- Chain of Command
- Continuity Procedure
- Functions and Tasks to be performed
- Equipment and Emergency Packets
- Disaster Assignment
- Off-site locations

Normal processes may be modified in response to an occurrence. However, the county's investment policy shall be strictly followed.



Dated: July 1, 2018

Roy Given
Director of Finance

Reviewed and monitored by Marin Treasury Oversight Committee on
November 5, 2018

Approved by Marin County Board of Supervisors on
December 4, 2018

Attachments:

Exhibit 1 Marin County Nuclear Freeze Ordinance

Exhibit 2 Disaster/Business Continuity Plan

Exhibit 3 Authorized Investor List

MARIN COUNTY NUCLEAR FREEZE ORDINANCE

23.12.030 Prohibition against nuclear weapons, materials, and county contracts and investments.

The county of Marin is declared to be a nuclear-free zone.

(a) No person shall knowingly engage in any activity within the county, the purpose of which is the applied research, development, production, transport, deployment, launching, testing, maintenance or storage of nuclear weapons or components of nuclear weapons. Nor shall any person store, use, transport, or dispose of special nuclear material or nuclear waste within the jurisdiction of the county.

(b) The transportation of nuclear weapons, their fissionable components, and weapons-related nuclear material and wastes through the county on roadways, waterways, or in airspace regulated by preemptive state or federal law, in the interest of public health and safety, is subject to the following restriction:

(1) As to roadways which are within the exclusive jurisdiction of the county, transportation of such materials is prohibited,

(2) As to roadways which are demonstrably within the jurisdiction of the state or federal government, the county board of supervisors shall post as a regular monthly notice, once each month, in a newspaper of general circulation within the county the fullest description possible of any shipment of such material that has occurred that previous month, transported through or across the county by any means of transportation whatsoever.

(c) The county, nor any agent thereof, shall not make any contract with, or investments in, any nuclear weapons contractor.

(d) The county board of supervisors shall adopt a "peace conversion plan," and shall, within ninety days of the enactment of this chapter, establish a county peace conversion commission of not less than three or more than five members, which shall be comprised of volunteers from the community. The purpose of said commission shall be to divest the county, as a government entity, within two years of the adoption of the ordinance codified in this chapter, of all such existing prohibited investments or contracts held by it. Said commission shall:

(1) Conduct studies of existing county contracts and public fund investments with nuclear weapons contractors, and determine in which cases any reasonable alternative contract or investment exists, in a manner consistent with prudent investment policy, and mindful of the intent and purpose of this chapter. The commission shall further make regular reports to the county board of supervisors concerning the progress of said divestiture, listing the book value of remaining investments in nuclear weapons contractors.

(2) Identify those businesses presently existing and operating in the county, and those who have made application to the county, who are nuclear weapons contractors. The commission will be responsible for conducting a timely phase-out of nuclear weapons contractors from the county, and for insuring the smooth conversion of Marin County businesses to alternative work that is more consistent with the public welfare. For this purpose the commission shall solicit testimony from the public.

(Ord. 2924 § 4, 1986)

23.12.040 Exclusions.

Nothing in this chapter shall be construed to prohibit:

(a) Any activity not specifically described in this chapter;

(b) Research in and application of nuclear medicine or other pure research unrelated to nuclear weapons;

(c) Beneficial or peaceful uses of the technology such as smoke detectors, light-emitting watches and clocks, and other consumer products; or

(d) Activities of the federal and state governments that are preempted by existing law.

(Ord. 2924 § 5, 1986)

23.12.050 Notice and enforcement.

(a) The county is directed to install and maintain appropriate signs to be displayed at each ferry terminal, at Gness Field Airport, and on all the major roads leading into the county, at or near the county line, including, but not limited to, the following:

- (1) U. S. Highway 101 (both ends);
- (2) State Highway 1 (both ends);
- (3) State Highway 17;
- (4) State Highway 37;
- (5) Fallon-Two Rock Road;
- (6) Tomales-Petaluma Road;
- (7) Chileno Valley Road;
- (8) Marshall-Petaluma Road;
- (9) Point Reyes-Petaluma Road; identifying Marin as a nuclear-free zone and making reference to this chapter. Further, the county must notify the federal government and other appropriate authorities that this law has been enacted.

(b) Before any further public funds shall be invested by the county in the stock, securities or other obligations of any corporation or business entity, the county board of supervisors shall require that said corporation or business submit to the peace conversion commission an affidavit certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors.

(c) The county is directed to require of each city incorporated within Marin County that, in addition to any other information deemed necessary by its business license officer, that any application for a business license within a city in the county shall state whether or not said business is a nuclear weapons contractor.

(d) Each violation of this chapter shall be punishable by up to one-year imprisonment and/or a fine of up to five thousand dollars. Each day of violation shall be deemed a separate violation. Residents of Marin shall also have the right to enforce this chapter by appropriate civil actions for declaratory or injunctive relief. Reasonable attorneys' fees in enforcing this chapter shall be awarded as is appropriate.

(Ord. 2924 § 6, 1986)

Chapter 23.13 PEACE CONVERSION COMMISSION

Sections:

23.13.010 Findings.

23.13.030 Review of purchases and investments.

23.13.040 Affidavit required.

23.13.050 Alternative products and exceptions.

23.13.060 Designation of nuclear weapons contractors.

23.13.070 Hearing.

23.13.080 Emergencies.

23.13.010 Findings.

Chapter 23.12 of this Code was enacted by the voters of the County of Marin by the initiative process. The County of Marin desires to establish procedures for hearings to be conducted by the peace conversion commission, in order to promote and enhance the purpose of chapter 23.12 while safeguarding the constitutional rights of individuals and organizations affected thereby.

(Ord. 2979 § 1, 1988; Ord. 2963 § 1 (part), 1987)

23.13.030 Review of purchases and investments.

The names of any company with which the county contracts, or in which the county treasurer invests, shall be provided to the peace conversion commission. If the commission, on the basis of its review of the names of such companies, determines by majority vote of the commissioners present that any of the companies may be deemed to be a nuclear weapons contractor, the commission shall send any such company a preliminary affidavit. The preliminary

affidavit shall request information adequate for the peace conversion commission to determine whether the company is, at the time it completes the affidavit, per the criteria in Marin County's Nuclear Free Zone Law, a nuclear weapons contractor.

If the company does not provide a reply within forty-five days of the affidavit having been sent to it, or if the company does provide a reply which contains information that the commission determines, by majority vote of the commissioners, that the company is, pursuant to the criteria in Marin County's Nuclear Free Zone Law, a nuclear weapons contractor, then the commission shall provide all county departments which arrange contracts and investments with the name of that company. Thereafter, the county shall refrain from entering into any contracts with, or investments in, the companies deemed to be nuclear weapons contractors, except as otherwise provided in this chapter.

(Ord. 3368 § 1, 2003; Ord. 3205 § 1, 1994; Ord. 3194 § 1, 1994; Ord. 2979 § 3, 1988; Ord. 2963 § 1 (part), 1987)

(Ord. No. 3502, § I, 2008)

23.13.040 Affidavit required.

If county departments have been notified by the peace conversion commission to refrain from contracting with, or investing in, a company, in accordance with section 23.13.030 of this chapter, the county departments shall not thereafter do so without first procuring an affidavit from such company. The affidavit shall request information adequate for the peace conversion commission to determine whether the company is, pursuant to the criteria in Marin County's Nuclear Free Zone Law, at the time it completes the affidavit, a nuclear weapons contractor.

If the company does not provide a reply within forty-five days of the affidavit having been sent to it, or if the company does provide a reply which contains information that the commission determines, by majority vote of the commissioners, shows that the company is, pursuant to the criteria in Marin County's Nuclear Free Zone Law, a nuclear weapons contractor, the county shall not, except as provided for in this chapter arrange to contract with, or invest in that company.

(Ord. 3368 § 2, 2003; Ord. 3290 § 1, 1999; Ord. 3194 § 2, 1994; Ord. 2979 § 4, 1988; Ord. 2963 § 1 (part), 1987)

(Ord. No. 3502, § II, 2008)

23.13.050 Alternative products and exceptions.

(a) Alternative products. If the commission finds that a company is a nuclear weapons contractor, or if the company does not return the prescribed affidavit, but the county desires to proceed with the contract or investment, the county shall request the peace conversion commission to determine whether a reasonable alternative to the proposed product, service or investment is available from a company that has not been deemed to be a nuclear weapons contractor. If the commission determines that no reasonable alternative is available, it will, within twenty days notify the county that it may enter into the contract or investment requested. If the commission does not, within twenty days, act on a department's request, the transaction may be completed. If the commission identifies what it considers to be a reasonable alternative product, service or investment, which is available from a nonnuclear weapons entity, and if such an alternative is also considered reasonable by the county involved, the county shall carry out the transaction with the entity not deemed to be a nuclear weapons contractor. If the county department involved does not consider the product, service or investment provided by the commission-recommended, nonnuclear weapons entity to be a reasonable alternative to that provided by the company deemed to be a nuclear weapons contractor, the county may appeal to the board of supervisors. The decision of the board of supervisors shall be final.

(b) Urgency situations. In the event that a county department considers the need to arrange a transaction to be too urgent to wait for a regularly scheduled meeting of the peace conversion commission, the department may contact the chair or vice chair of the peace conversion commission to request immediate permission to complete a transaction. Under appropriate circumstances of urgency, the chair or vice chair may grant such permission. All such urgency grantings will be reported to the commission at its next regular meeting.

(c) If a contract is required by state or federal law to be let by competitive bidding to the lowest responsive bidder, such contract shall be deemed to have no reasonable alternative without the necessity of applying to the commission for permission to enter into the contract.
(Ord. 3368 § 3, 2003; Ord. 3290 § 2, 1999; Ord. 2963 § 1 (part), 1987)

23.13.060 Designation of nuclear weapons contractors.

All affidavits shall be filed with the peace conversion commission immediately upon receipt, along with a complete description of the transaction. If the commission, or its designated representative, believes that, notwithstanding execution of the affidavit, a contractor, vendor, corporation or business entity is a nuclear weapons contractor, the commission shall, within fifteen working days following receipt of the affidavit or affidavits, notify the director of purchasing or the county treasurer that it challenges the affidavit or affidavits. The notice shall specify the facts and evidence upon which the commission's challenge is premised. The director of purchasing, the county treasurer or the contractor, vendor, corporation or business entity may, within ten days of the notification, request in writing, a hearing before the commission. If a hearing is not requested, the commission's challenge shall be deemed justified and the transaction may not be completed or continued. Failure to request a hearing for any particular transaction shall not be deemed a waiver of the right to request a hearing with respect to any other transaction.
(Ord. 3194 § 3, 1994; Ord. 2979 § 5, 1988; Ord. 2963 § 1 (part), 1987)

23.13.070 Hearing.

The commission shall, upon receipt of a request for hearing, schedule the hearing not later than ten working days thereafter. The party who requests the hearing shall be entitled, as a matter of right, to a continuance of not more than ten working days to allow the party to investigate the commission's data and procure witnesses.

The hearing shall be public and shall be conducted before the commission or a committee thereof, as determined by the commission.

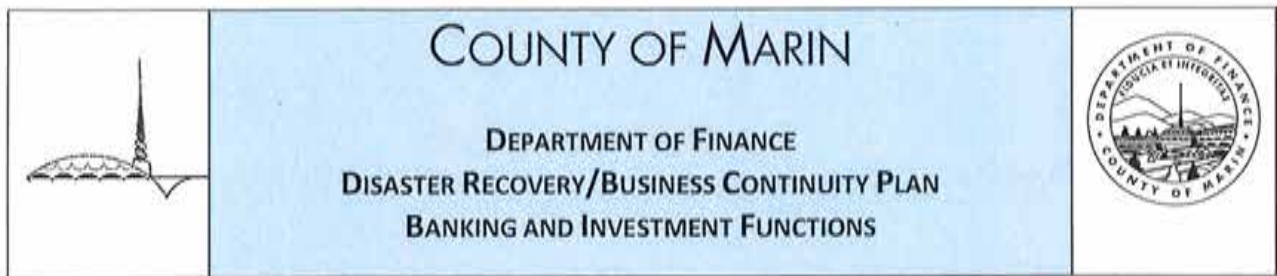
The presiding officer of the commission shall conduct the hearing and determine all questions of evidence and procedure. The hearing shall be conducted and evidence received and considered in accordance with the provisions of Government Code, Sections 11513 and 11514, insofar as they are applicable. The commission shall have the burden of proof and the burden of going forward with evidence.

Within three days following the conclusion of the hearing, the commission shall render a decision and set forth the basis for its decision in writing.

Any person aggrieved by a decision of the commission may appeal its decision to the board of supervisors by filing a written appeal with the clerk of the board within ten working days from the date of rendition of the commission's decision. The board of supervisors shall consider the matter de novo, and its decision shall be final.
(Ord. 2963 § 1 (part), 1987)

23.13.080 Emergencies.

The provisions of this chapter shall not apply to contracts which involve essential products during an emergency which poses an immediate threat to life, public safety or property.
(Ord. 2979 § 6, 1988; Ord. 2963 § 1 (part), 1987)



Scope

The County of Marin's banking and investment functions are mission critical. As such, the Treasurer's office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the county and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in the order of "authorized persons" as identified in the Statement of Investment Policy, item 3.

Continuity Procedure

In the event we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cell to decide on the alternate location. If unable to contact one another, the authorized persons shall through the county's office of emergency services establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the county. While normal processes may be modified, the investment policy shall be strictly followed.

Tasks to be performed include:

- ◆ Daily cash work up
- ◆ Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear
- ◆ Daily cash and bank reconciliation
- ◆ For deposits, the treasurer's office will notify county departments, special districts and schools of any changes to their deposit location. Deposits to any account other than those established by the treasurer's office are prohibited.
- ◆ Disbursement activity will be coordinated with the County Director of Finance



Equipment and Emergency Packets

The Authorized Investor List shall designate authorized staff to have the following equipment such that either of them may carry out the plan. In the event none of the authorized persons are able to respond, the county's office of Emergency Services shall have a copy of this plan in a secured location within their office. All policies and procedures of this plan shall be provided to the County Administrator and County Director of Finance.

The following equipment and items for the emergency packets are:

- ◆ Laptop with wi-fi connectivity
- ◆ All software that is currently in use shall be loaded on each laptop and be set up for remote access.
- ◆ Copy of the Investment Policy and the Disaster/Continuity Recovery Plan
- ◆ Updated monthly report of investments
- ◆ Sign on instructions to access the county's financial accounting system, online banking and securities safekeeping
- ◆ Listing of the home phones and addresses, cell, email addresses of the "authorized persons" and treasury staff. Listings shall also include the County Administrator, County Director of Finance, County Counsel and the Office of Emergency Services.
- ◆ Bank, Authorized Broker/Dealers, Bloomberg and Security Safekeeping names, contact numbers including fax and addresses
- ◆ All district, county and school bank signature cards
- ◆ Contact names, numbers, email and addresses of each agency whose funds are held within the county.
- ◆ Emergency check stock will be housed in the Office of Emergency Services located at 1600 Los Gatos Drive (50 checks)*



Disaster Assignment

The "authorized persons" in the treasurer's office including support staff are to be considered official Disaster workers and are assigned to support our Disaster/Business Recovery Plan. Each shall have on their possession their County of Marin Identification Card.

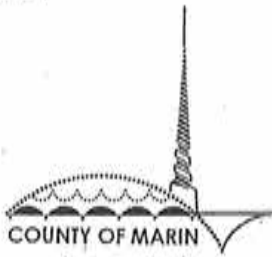
The level of disruption and assigned work location will be determined by the Director of Finance, or those individuals indicated on the Authorized Investor List. All related costs shall be absorbed by the Treasurer's office and reimbursed pursuant to Government section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such would put an individual in danger.

* Emergency checks are issued from a separate account which is linked to the County's main account. These checks are to be used only if this plan is activated and the county is unable to issue payments. Authorized signers for these checks are designated on the Deposit Account Documentation Signature Card and include the Director of Finance, those individuals authorized under the Authorized Investor List and the County Administrator. In the event that check stock cannot be accessed, electronic payments through the County's banking services can be originated.

Failing the ability to operate from our office, our operations will move in this order of priority:

- ◆ Location determined by the County Office of Emergency Services or County Administrator
- ◆ A bank operation center as authorized by our Global Banking Client Manager (which may be reside outside the County Marin)



TREASURER

DIVISION OF THE DEPARTMENT OF FINANCE

AUTHORIZED INVESTOR LIST COUNTY OF MARIN

FY 2018-2019

Effective: Oct 1, 2018

Investment Purposes:

1. To make investment decisions
2. To recommend brokers
3. To perform a review of the investment function

Authorized Persons:

Authorized to make investment decisions for with a maturity of up to five years:

- Roy Given * Director of Finance

Authorized to make investment decisions for with a maturity of up to three years:

- Karen Shaw * Division Chief, Finance
- Mina Martinovich Assistant Director of Finance

Authorized to make investment decisions for short term investments with a maturity of up to six months (180) days:

- Sandra Arebalo * Senior Accountant –Treasury

Authorized to make investment decisions for short term investments with a maturity of up to ninety (90) days:

- Anu Bagchi Division Chief, Accounting

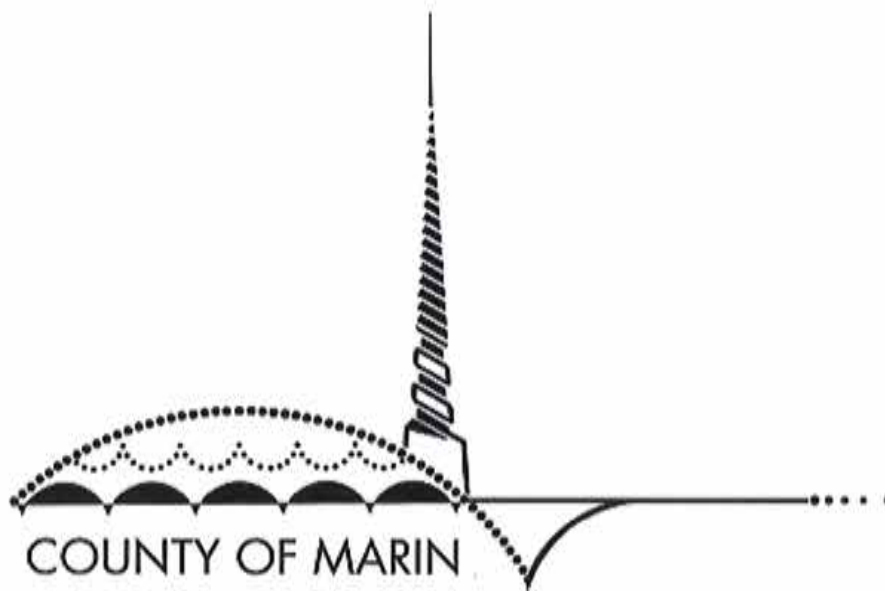
**Authorized for equipment and emergency packets as defined under the Disaster/Business Continuity Plan*

Approved:

 10/30/18

Roy Given Date
Director of Finance

MARIN COUNTY LONG-TERM INVESTMENT POOL
STATEMENT OF INVESTMENT POLICY



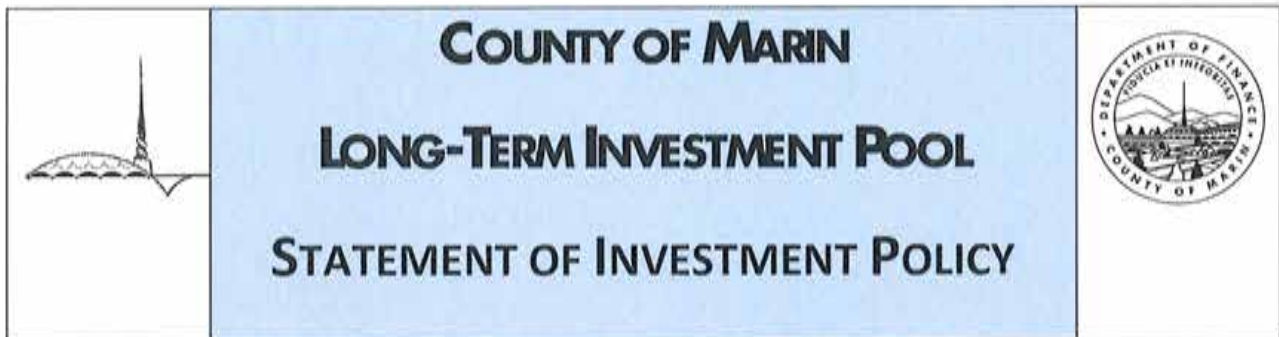
Department of Finance
Roy Given, Director

Fiscal Year 2018-2019



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Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin Long-Term Investment Pool:

I. OBJECTIVES:

All funds on deposit in the Marin County Long-Term Investment Pool shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements that may be reasonably anticipated; and
- (c) Attaining a market **rate of return** throughout budgetary and economic cycles, consistent with the above objectives.

2. PARTICIPANT

The participant in the Marin County Long-Term Investment Pool is the Marin County General Fund.

3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the participant.



4. INVESTMENTS

Prior to investing pursuant to this policy the persons authorized to make investments shall assess the market and market pricing information obtained from available sources and the media. Investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor, and thirdly, yield. Any investment selected shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All transactions shall be documented at the time the transaction is consummated.

5. TERM

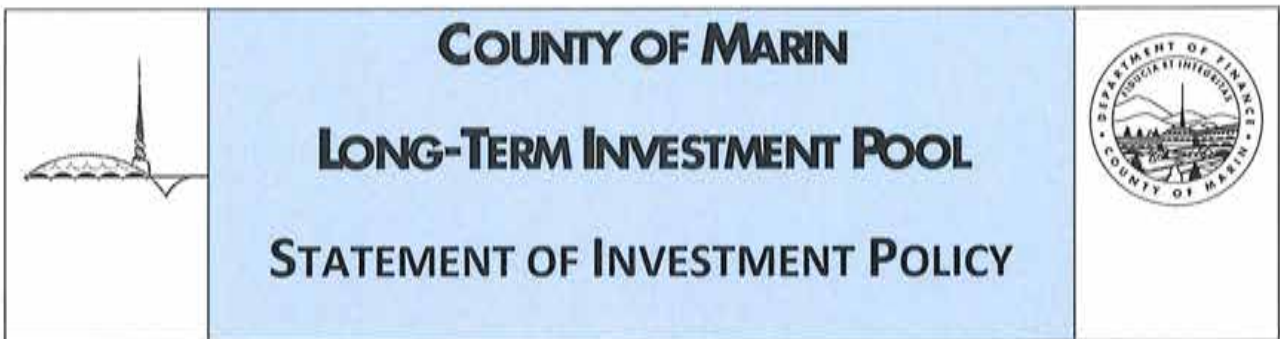
Pursuant to California Government Code Section 53601, where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment. The approval of this Long Term Investment Policy on an annual basis by the Legislative Board (Marin County Board of Supervisors) authorizes investments of no more than 10 years for bonds, notes, warrants, or other evidences of indebtedness of a local agency within the County of Marin, including bonds or notes payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County, or by a department, board, agency, or authority of the County.

6. ALLOWED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may directly purchase the following, subject to the limitations as set forth:

Bonds, Notes, Warrants or other evidence of indebtedness of a **local agency** within the County of Marin, California.

The interest rate of any indebtedness pursuant to the preceding paragraph shall be based on the key rate of Prime plus 1 percent as determined by Bloomberg on the date the Department of Finance approves the purchase of the indebtedness.



7. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to the General Fund annually based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting, whereby interest will be apportioned for the year in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

8. CONFLICT OF INTEREST

The Director of Finance and County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other person with whom the County Treasury conducts business, that are in violation of *state* law.

9. AUDITS

The County of Marin investment portfolio, which includes both the County of Marin investment pool and the Long-Term investment pool, shall be subject to a process of independent review by the County's external auditors. Such audit will include tests deemed appropriate by the auditor pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Board of Supervisors.

10. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

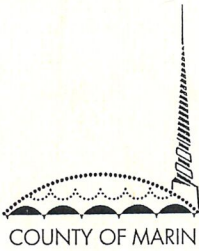
11. REPORTS

The Director of Finance shall prepare an annual report, listing all investments in the County Pool as of the last day of the fiscal year and a report of the average days to maturity and yield of investments in the County of Marin Long Term Investment Pool.



12. INVESTMENT POLICY

The Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.



DIVISION OF THE DEPARTMENT OF FINANCE
TREASURER

Excellent and responsive fiscal leadership.

Roy Given, CPA
DIRECTOR

September 17, 2019

Mina Martinovich, CPA
ASSISTANT DIRECTOR

Karen Shaw
FINANCE DIVISION CHIEF

Kathrin Sears, President
Board of Supervisors
County of Marin
3501 Civic Center Dr. #329
San Rafael, CA 94903

Mary Jane Burke
Superintendent of Schools
Marin County Office of Education
P.O. Box 4925
San Rafael, CA 94913

Marin County Schools,
Special Districts, and
MCERA

Marin County Civic Center
3501 Civic Center Drive
Suite 209
PO Box 4220
San Rafael, CA 94913-4220
415 473 6143 T
415 473 3741 F
CRS Dial 711
www.marincounty.org/treas

RE: MONTHLY REPORT OF COUNTY, SCHOOLS AND DISTRICT INVESTMENTS
as of July 31, 2019.

Dear Investment Fund Participants:

The attached Monthly Report of County, Schools and District investments is provided for your review.

* The investments were made pursuant to Government Code Sections 53601, 53635 and comply with the County Treasurer's Statement of Investment Policy. The investment policy provides for:

- Preservation of capital through high quality investments;
- Maintenance of sufficient liquidity to meet participant operating needs; and
- A rate of return consistent with the above objectives.

* Maturities are scheduled to meet participant expenditure requirements for the next six months.

* Attached spreadsheets identify investment type, issuer, maturity date, amount invested and fair market value for each security held. Fair market values were determined by Wells Fargo Institutional Trust Services on all securities except for investments in the Local Agency Investment Fund which was valued at face value by us. Adjustments have been made for premiums, discounts and accrued interest on discount securities to make the book value and fair market value more comparable.

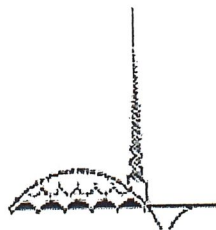
I trust you find this report informative. Should you have any questions do not hesitate to call me.

Respectfully submitted,

Roy Given
Director of Finance

RG: sa
Attachments

cc: Matthew Hymel, County Administrator
Marin County Treasury Oversight Committee



TREASURER DIVISION - DEPARTMENT OF FINANCE
REPORT OF INVESTMENTS - OPERATING FUNDS
COUNTY OF MARIN, SCHOOLS & SPECIAL DISTRICTS

July 31, 2019

Page 1

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
142	LA1	249,123.73	2.967	/ /	07/01/2011	249,123.73	2.346	2.379	Local Agency Investment Fund	249,123.73
3490	LA2	0.00	5.170	/ /	07/01/2011	0.00	0.000	0.001	MM-DREYFUS	0.00
9149	LA2	10,054,035.61	0.040	/ /	07/01/2011	10,054,035.61	2.199	2.230	MM-FIDELITY Institutional Gov	10,054,035.61
4366	LA2	0.00	4.930	/ /	07/01/2011	0.00	0.009	0.010	NATIONS Treasury Reserves	0.00
2246	LA2	5,500,000.00	4.760	/ /	07/01/2011	5,500,000.00	2.199	2.230	MM-WELLS FARGO Institutional G	5,500,000.00
12359	FAD	3,000,000.00	0.000	08/01/2019	03/06/2019	2,970,215.00	2.439	2.473	Federal Home Loan Discount	3,000,000.00
12363	FAD	3,000,000.00	2.425	08/02/2019	03/12/2019	2,971,102.08	2.448	2.482	Federal Home Loan Discount	2,999,820.00
12364	FAD	3,000,000.00	0.000	08/05/2019	03/12/2019	2,970,495.83	2.449	2.483	Federal Home Loan Discount	2,999,310.00
12366	FAD	3,500,000.00	2.425	08/06/2019	03/13/2019	3,465,578.47	2.449	2.483	Federal Home Loan Discount	3,498,985.00
12361	FAD	6,000,000.00	2.420	08/07/2019	03/07/2019	5,938,290.00	2.445	2.479	Federal Home Loan Discount	5,997,900.00
12360	FAD	9,000,000.00	0.000	08/09/2019	03/06/2019	8,905,815.00	2.440	2.474	Federal Home Loan Discount	8,995,770.00
12353	FAD	5,500,000.00	0.000	08/12/2019	02/27/2019	5,438,752.92	2.442	2.476	Federal Home Loan Discount	5,496,480.00
12367	FAD	3,000,000.00	2.425	08/13/2019	03/14/2019	2,969,283.33	2.450	2.484	Federal Home Loan Discount	2,997,900.00
12368	FAD	3,000,000.00	2.425	08/14/2019	03/14/2019	2,969,081.25	2.450	2.484	Federal Home Loan Discount	2,997,720.00
11530	FAC	5,000,000.00	1.250	08/15/2019	08/15/2016	5,000,000.00	1.232	1.250	Fed Home Ln Mtg Corp	4,998,300.00
12370	FAD	3,000,000.00	2.425	08/16/2019	03/18/2019	2,969,485.42	2.449	2.483	Federal Home Loan Discount	2,997,390.00
12371	FAD	3,000,000.00	0.000	08/19/2019	03/18/2019	2,968,879.17	2.450	2.484	Federal Home Loan Discount	2,996,850.00
12372	FAD	3,000,000.00	2.425	08/20/2019	03/18/2019	2,968,677.08	2.450	2.484	Federal Home Loan Discount	2,996,670.00
12373	FAD	3,000,000.00	2.425	08/21/2019	03/18/2019	2,968,475.00	2.450	2.484	Federal Home Loan Discount	2,996,490.00
11862	FAC	5,000,000.00	1.500	08/22/2019	08/22/2017	5,000,000.00	1.479	1.500	Federal Home Loan Bank	4,997,850.00
12379	FAD	3,000,000.00	2.410	08/22/2019	03/21/2019	2,969,071.67	2.435	2.468	Federal Home Loan Discount	2,996,340.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12293	FAD	10,000,000.00	0.000	08/23/2019	12/19/2018	9,826,413.89	2.601	2.637	Federal Home Loan Discount	9,987,200.00
12294	FAD	5,000,000.00	2.530	08/26/2019	12/20/2018	4,912,504.17	2.601	2.637	Federal Home Loan Discount	4,992,700.00
12374	FAD	3,000,000.00	2.425	08/28/2019	03/18/2019	2,967,060.42	2.451	2.485	Federal Home Loan Discount	2,995,290.00
12378	FAD	4,000,000.00	2.410	08/29/2019	03/21/2019	3,956,887.78	2.436	2.470	Federal Home Loan Discount	3,993,480.00
11816	FAC	5,000,000.00	1.500	08/30/2019	05/30/2017	5,000,000.00	1.479	1.500	Fed Home Ln Mtg Corp	4,997,450.00
12382	FAD	12,000,000.00	2.425	08/30/2019	03/26/2019	11,873,091.67	2.450	2.484	Federal Home Loan Discount	11,979,720.00
12387	FAD	12,000,000.00	2.425	08/30/2019	03/28/2019	11,874,708.33	2.450	2.484	Federal Home Loan Discount	11,979,720.00
12196	FAD	3,750,000.00	2.600	09/03/2019	10/18/2018	3,663,333.33	2.683	2.721	Fed Agric Mtg Corp Discount	3,742,725.00
12397	FAD	3,000,000.00	0.000	09/04/2019	04/04/2019	2,969,655.00	2.404	2.437	Fed Home Ln Mtg Corp Disc	2,994,000.00
12398	FAD	3,000,000.00	2.380	09/05/2019	04/04/2019	2,969,456.67	2.404	2.437	Fed Home Ln Mtg Corp Disc	2,993,820.00
12224	FAD	9,000,000.00	2.550	09/06/2019	11/14/2018	8,811,300.00	2.625	2.661	Federal Home Loan Discount	8,980,920.00
11542	FAC	5,000,000.00	1.125	09/09/2019	09/09/2016	4,995,000.00	1.143	1.159	Fed Natl Mtg Assoc	4,994,650.00
12295	FAD	11,000,000.00	2.530	09/09/2019	12/21/2018	10,797,459.44	2.603	2.639	Federal Home Loan Discount	10,974,700.00
12399	FAD	3,000,000.00	2.380	09/10/2019	04/04/2019	2,968,465.00	2.405	2.438	Fed Home Ln Mtg Corp Disc	2,992,920.00
12400	FAD	3,000,000.00	2.380	09/11/2019	04/04/2019	2,968,266.67	2.405	2.438	Fed Home Ln Mtg Corp Disc	2,992,770.00
11873	FAC	5,000,000.00	1.375	09/12/2019	09/12/2017	5,000,000.00	1.356	1.375	Federal Farm Credit Bank	4,995,950.00
12408	FAD	3,000,000.00	2.360	09/13/2019	04/08/2019	2,968,926.67	2.384	2.417	Federal Home Loan Discount	2,992,410.00
11875	MC1	46,000.00	3.500	09/15/2019	09/15/2017	46,000.00	3.452	3.500	MARIN COUNTY	46,000.00
12409	FAD	4,000,000.00	2.360	09/16/2019	04/08/2019	3,957,782.22	2.385	2.418	Federal Home Loan Discount	3,989,160.00
12410	FAD	3,000,000.00	2.360	09/17/2019	04/08/2019	2,968,140.00	2.385	2.418	Federal Home Loan Discount	2,991,690.00
12403	FAD	5,000,000.00	0.000	09/19/2019	04/05/2019	4,944,913.19	2.401	2.434	Fed Home Ln Mtg Corp Disc	4,985,550.00
12225	FAD	9,000,000.00	2.550	09/20/2019	11/14/2018	8,802,375.00	2.627	2.664	Federal Home Loan Discount	8,973,540.00
12226	FAD	7,000,000.00	0.000	09/23/2019	11/14/2018	6,844,804.17	2.628	2.664	Federal Home Loan Discount	6,978,160.00
12236	FAD	2,000,000.00	2.670	09/24/2019	11/21/2018	1,954,461.67	2.752	2.791	Fed Agric Mtg Corp Discount	1,993,640.00
12389	FAD	3,000,000.00	0.000	09/25/2019	03/29/2019	2,964,450.00	2.398	2.431	Federal Home Loan Discount	2,990,280.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
11764	FAC	5,000,000.00	1.250	09/27/2019	03/27/2017	5,000,000.00	1.672	1.696	Federal Home Loan Bank	4,999,000.00
12004	FAC	5,000,000.00	1.850	09/27/2019	12/27/2017	5,000,000.00	1.825	1.850	Federal Home Loan Bank	4,997,850.00
11771	FAC	5,000,000.00	1.570	09/27/2019	03/30/2017	5,000,000.00	1.548	1.570	Fed Home Ln Mtg Corp	4,995,200.00
12187	FAD	10,000,000.00	2.590	09/30/2019	10/09/2018	9,743,877.78	2.677	2.714	Fed Agric Mtg Corp Discount	9,964,700.00
12394	FAD	4,500,000.00	2.380	09/30/2019	04/02/2019	4,446,152.50	2.408	2.442	Federal Home Loan Discount	4,484,115.00
12388	FAD	10,000,000.00	2.380	09/30/2019	03/28/2019	9,877,033.33	2.462	2.496	Fed Home Ln Mtg Corp Disc	9,964,700.00
12390	FAD	3,000,000.00	0.000	10/01/2019	03/29/2019	2,963,265.00	2.452	2.486	Federal Home Loan Discount	2,989,320.00
12414	FAD	4,000,000.00	0.000	10/02/2019	04/10/2019	3,953,916.67	2.397	2.430	Federal Home Loan Discount	3,985,520.00
12415	FAD	4,000,000.00	2.370	10/03/2019	04/10/2019	3,953,653.33	2.397	2.431	Federal Home Loan Discount	3,985,320.00
12391	FAD	8,000,000.00	2.370	10/04/2019	03/29/2019	7,900,460.00	2.452	2.486	Federal Home Loan Discount	7,970,160.00
12195	FAD	10,000,000.00	0.000	10/07/2019	10/17/2018	9,743,611.11	2.688	2.725	Federal Home Loan Discount	9,960,900.00
12444	FAD	3,000,000.00	0.000	10/08/2019	04/25/2019	2,966,938.33	2.416	2.450	Federal Home Loan Discount	2,988,090.00
12445	FAD	3,000,000.00	0.000	10/09/2019	04/25/2019	2,966,739.17	2.416	2.450	Federal Home Loan Discount	2,987,940.00
12446	FAD	3,000,000.00	2.390	10/10/2019	04/25/2019	2,966,540.00	2.416	2.450	Federal Home Loan Discount	2,987,760.00
12416	FAD	3,000,000.00	2.360	10/11/2019	04/10/2019	2,963,813.33	2.428	2.462	Federal Home Loan Discount	2,987,580.00
12217	FAD	10,000,000.00	2.650	10/15/2019	11/08/2018	9,748,986.11	2.738	2.776	Fed Agric Mtg Corp Discount	9,956,300.00
12504	FAD	2,000,000.00	0.000	10/17/2019	07/26/2019	1,990,547.22	2.059	2.088	Federal Farm Credit Bank Disc	1,991,020.00
12281	FAD	10,000,000.00	2.550	10/18/2019	12/14/2018	9,781,833.33	2.629	2.666	Fed Home Ln Mtg Corp Disc	9,954,500.00
12392	FAD	7,000,000.00	0.000	10/21/2019	03/29/2019	6,905,468.89	2.440	2.474	Federal Home Loan Discount	6,966,960.00
12417	FAD	3,000,000.00	2.360	10/22/2019	04/10/2019	2,961,650.00	2.429	2.463	Federal Home Loan Discount	2,985,660.00
12418	FAD	3,000,000.00	2.360	10/23/2019	04/10/2019	2,961,453.33	2.429	2.463	Federal Home Loan Discount	2,985,480.00
11584	FAC	5,000,000.00	1.300	10/25/2019	10/28/2016	5,000,000.00	1.282	1.300	Fed Home Ln Mtg Corp	4,989,100.00
11579	FAC	5,000,000.00	1.200	10/25/2019	10/25/2016	5,000,000.00	1.183	1.200	Fed Natl Mtg Assoc	4,989,200.00
12419	FAD	3,000,000.00	2.360	10/28/2019	04/10/2019	2,960,470.00	2.429	2.463	Federal Home Loan Discount	2,984,610.00
11912	FAC	5,000,000.00	1.650	10/30/2019	10/30/2017	5,000,000.00	1.627	1.650	Fed Home Ln Mtg Corp	4,992,800.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12443	FAD	3,000,000.00	0.000	10/30/2019	04/24/2019	2,962,515.00	2.449	2.483	Fed Home Ln Mtg Corp Disc	2,984,250.00
12215	FAD	15,000,000.00	2.660	10/31/2019	11/07/2018	14,603,216.67	2.751	2.789	Fed Agric Mtg Corp Discount	14,920,350.00
12333	FAD	10,000,000.00	2.400	10/31/2019	02/07/2019	9,822,666.67	2.462	2.496	Federal Home Loan Discount	9,946,900.00
12375	FAD	8,000,000.00	2.420	11/01/2019	03/18/2019	7,877,386.67	2.503	2.537	Federal Home Loan Discount	7,957,440.00
12376	FAD	5,500,000.00	0.000	11/04/2019	03/18/2019	5,414,594.17	2.503	2.537	Federal Home Loan Discount	5,469,805.00
12440	FAD	3,000,000.00	0.000	11/05/2019	04/16/2019	2,960,245.83	2.419	2.453	Fed Home Ln Mtg Corp Disc	2,983,350.00
12441	FAD	3,000,000.00	0.000	11/06/2019	04/16/2019	2,960,050.00	2.419	2.453	Fed Home Ln Mtg Corp Disc	2,983,200.00
12380	FAD	7,500,000.00	0.000	11/07/2019	03/22/2019	7,385,479.17	2.471	2.506	Fed Home Ln Mtg Corp Disc	7,457,550.00
12421	FAD	3,000,000.00	0.000	11/12/2019	04/11/2019	2,958,075.00	2.410	2.443	Federal Home Loan Discount	2,982,150.00
12420	FAD	3,000,000.00	2.340	11/13/2019	04/11/2019	2,957,880.00	2.410	2.443	Federal Home Loan Discount	2,981,970.00
12422	FAD	3,000,000.00	2.340	11/14/2019	04/11/2019	2,957,685.00	2.410	2.443	Federal Home Loan Discount	2,981,790.00
12235	FAD	10,000,000.00	2.620	11/15/2019	11/20/2018	9,738,000.00	2.709	2.747	Fed Agric Mtg Corp Discount	9,938,800.00
12395	FAD	7,000,000.00	0.000	11/18/2019	04/03/2019	6,895,359.72	2.421	2.455	Federal Home Loan Discount	6,955,900.00
12423	FAD	3,000,000.00	0.000	11/19/2019	04/11/2019	2,956,617.50	2.415	2.449	Fed Home Ln Mtg Corp Disc	2,980,920.00
12424	FAD	3,000,000.00	0.000	11/20/2019	04/11/2019	2,956,422.08	2.416	2.449	Fed Home Ln Mtg Corp Disc	2,980,770.00
12425	FAD	3,000,000.00	0.000	11/21/2019	04/11/2019	2,956,226.67	2.416	2.449	Fed Home Ln Mtg Corp Disc	2,980,590.00
12426	FAD	3,000,000.00	0.000	11/22/2019	04/11/2019	2,956,031.25	2.416	2.449	Fed Home Ln Mtg Corp Disc	2,980,410.00
12427	FAD	3,000,000.00	2.345	11/26/2019	04/11/2019	2,955,249.58	2.416	2.450	Fed Home Ln Mtg Corp Disc	2,979,720.00
12246	FAD	10,000,000.00	2.650	11/27/2019	11/28/2018	9,732,055.56	2.742	2.780	Fed Agric Mtg Corp Discount	9,931,800.00
12369	FAD	25,000,000.00	2.400	11/29/2019	03/15/2019	24,568,333.33	2.482	2.516	Fed Home Ln Mtg Corp Disc	24,826,750.00
12472	FAD	7,000,000.00	0.000	12/02/2019	06/10/2019	6,929,222.22	2.101	2.130	Fed Home Ln Mtg Corp Disc	6,951,000.00
12413	FAD	7,000,000.00	2.340	12/06/2019	04/10/2019	6,890,800.00	2.412	2.445	Fed Home Ln Mtg Corp Disc	6,949,390.00
12296	FAD	9,000,000.00	2.550	12/13/2019	12/21/2018	8,772,412.50	2.635	2.672	Federal Home Loan Discount	8,931,330.00
12300	FAD	10,000,000.00	2.530	12/13/2019	12/27/2018	9,753,325.00	2.613	2.650	Federal Home Loan Discount	9,923,700.00
12311	FAD	12,000,000.00	2.420	12/13/2019	01/18/2019	11,734,606.67	2.494	2.529	Federal Home Loan Discount	11,908,440.00

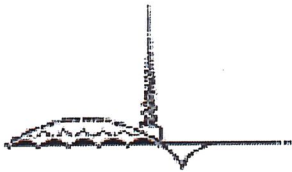
INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE,	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12320	FAD	40,000,000.00	2.410	12/13/2019	01/29/2019	39,148,466.67	2.482	2.516	Federal Home Loan Discount	39,694,800.00
12334	FAD	65,000,000.00	2.400	12/13/2019	02/07/2019	63,661,000.00	2.470	2.504	Federal Home Loan Discount	64,504,050.00
12404	FAD	15,000,000.00	2.330	12/13/2019	04/05/2019	14,755,350.00	2.402	2.436	Federal Home Loan Discount	14,885,550.00
12432	FAD	8,000,000.00	0.000	12/16/2019	04/15/2019	7,873,144.44	2.402	2.435	Federal Home Loan Discount	7,937,600.00
12433	FAD	3,000,000.00	2.330	12/17/2019	04/15/2019	2,952,235.00	2.402	2.435	Federal Home Loan Discount	2,976,420.00
12434	FAD	3,000,000.00	2.330	12/18/2019	04/15/2019	2,952,040.83	2.402	2.435	Federal Home Loan Discount	2,976,270.00
12435	FAD	3,000,000.00	2.330	12/19/2019	04/15/2019	2,951,846.67	2.402	2.435	Federal Home Loan Discount	2,976,090.00
12297	FAD	3,000,000.00	2.550	12/20/2019	12/21/2018	2,922,650.00	2.636	2.673	Federal Home Loan Discount	2,975,910.00
12384	FAD	20,000,000.00	0.000	12/20/2019	03/27/2019	19,649,366.67	2.435	2.468	Fed Home Ln Mtg Corp Disc	19,839,400.00
12473	FAD	3,500,000.00	2.060	12/20/2019	06/11/2019	3,461,546.67	2.117	2.146	Fed Home Ln Mtg Corp Disc	3,471,895.00
12436	FAD	4,000,000.00	0.000	12/23/2019	04/15/2019	3,934,620.00	2.407	2.441	Fed Home Ln Mtg Corp Disc	3,967,200.00
12464	FAD	5,000,000.00	2.270	12/26/2019	05/28/2019	4,933,161.11	2.346	2.378	Fed Home Ln Mtg Corp Disc	4,958,150.00
11885	FAC	5,000,000.00	1.520	12/27/2019	09/27/2017	4,998,750.00	0.900	0.913	Federal Home Loan Bank	4,987,600.00
12437	FAD	3,000,000.00	0.000	12/27/2019	04/15/2019	2,950,186.67	2.408	2.441	Fed Home Ln Mtg Corp Disc	2,974,710.00
11690	FAC	5,000,000.00	1.500	12/30/2019	12/30/2016	5,000,000.00	1.479	1.500	Fed Home Ln Mtg Corp	4,985,550.00
12396	FAD	8,000,000.00	0.000	12/30/2019	04/03/2019	7,859,381.11	2.409	2.442	Fed Home Ln Mtg Corp Disc	7,931,200.00
12454	FAD	4,000,000.00	2.320	01/02/2020	04/30/2019	3,936,328.89	2.398	2.431	Fed Home Ln Mtg Corp Disc	3,965,280.00
12455	FAD	4,000,000.00	2.320	01/03/2020	04/30/2019	3,936,071.11	2.398	2.431	Fed Home Ln Mtg Corp Disc	3,965,040.00
12478	FAD	4,000,000.00	1.880	01/06/2020	06/25/2019	3,959,266.67	1.930	1.957	Fed Home Ln Mtg Corp Disc	3,964,360.00
12479	FAD	4,000,000.00	0.000	01/07/2020	06/25/2019	3,959,057.78	1.930	1.957	Fed Home Ln Mtg Corp Disc	3,964,120.00
12439	FAD	8,000,000.00	2.330	01/08/2020	04/15/2019	7,861,235.56	2.403	2.437	Fed Home Ln Mtg Corp Disc	7,927,840.00
12480	FAD	4,000,000.00	0.000	01/09/2020	06/25/2019	3,958,640.00	1.930	1.957	Fed Home Ln Mtg Corp Disc	3,963,680.00
12428	FAD	15,000,000.00	0.000	01/10/2020	04/12/2019	14,734,962.50	2.404	2.437	Fed Home Ln Mtg Corp Disc	14,863,050.00
12485	FAD	8,000,000.00	0.000	01/13/2020	06/28/2019	7,916,862.22	1.930	1.957	Fed Home Ln Mtg Corp Disc	7,925,600.00
12336	FAD	15,000,000.00	2.400	01/14/2020	02/07/2019	14,659,000.00	2.475	2.509	Federal Home Loan Discount	14,859,600.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12483	FAD	3,000,000.00	0.000	01/15/2020	06/27/2019	2,968,690.00	1.910	1.936	Federal Home Loan Discount	2,971,740.00
12484	FAD	3,000,000.00	1.860	01/16/2020	06/27/2019	2,968,535.00	1.910	1.936	Federal Home Loan Discount	2,971,590.00
12502	FAD	3,000,000.00	1.950	01/17/2020	07/26/2019	2,971,562.50	1.968	1.996	Fed Home Ln Mtg Corp Disc	2,971,410.00
12488	FAD	3,000,000.00	1.850	01/21/2020	06/28/2019	2,968,087.50	1.899	1.926	Federal Home Loan Discount	2,970,750.00
12489	FAD	3,000,000.00	0.000	01/22/2020	06/28/2019	2,967,933.33	1.899	1.926	Federal Home Loan Discount	2,970,570.00
12501	FAD	3,000,000.00	1.950	01/23/2020	07/26/2019	2,970,587.50	1.969	1.996	Fed Home Ln Mtg Corp Disc	2,970,390.00
12438	FAD	8,000,000.00	0.000	01/24/2020	04/15/2019	7,853,266.67	2.399	2.433	Fed Home Ln Mtg Corp Disc	7,920,640.00
12453	FAD	5,000,000.00	0.000	01/27/2020	04/29/2019	4,911,464.58	2.409	2.443	Fed Home Ln Mtg Corp Disc	4,949,550.00
12481	FAD	4,000,000.00	0.000	01/28/2020	06/26/2019	3,954,760.00	1.936	1.963	Federal Home Loan Discount	3,959,400.00
12337	FAD	20,000,000.00	0.000	01/29/2020	02/07/2019	19,525,333.33	2.477	2.511	Federal Home Loan Discount	19,795,800.00
12401	FAD	10,000,000.00	2.330	01/30/2020	04/04/2019	9,805,186.11	2.406	2.440	Fed Agric Mtg Corp Discount	9,897,400.00
12407	FAD	20,000,000.00	2.325	01/31/2020	04/08/2019	19,615,083.33	2.401	2.434	Fed Home Ln Mtg Corp Disc	19,793,600.00
12039	MC1	100,000.00	3.500	02/01/2020	02/13/2018	100,115.07	3.448	3.495	MARIN COUNTY	100,115.07
12497	FAD	3,000,000.00	0.000	02/03/2020	07/16/2019	2,967,175.00	2.012	2.040	Federal Home Loan Discount	2,968,680.00
12496	FAD	3,000,000.00	1.950	02/04/2020	07/16/2019	2,967,012.50	2.012	2.040	Federal Home Loan Discount	2,968,530.00
12448	FAD	3,000,000.00	2.330	02/05/2020	04/26/2019	2,944,662.50	2.405	2.438	Fed Home Ln Mtg Corp Disc	2,968,350.00
12449	FAD	3,000,000.00	0.000	02/06/2020	04/26/2019	2,944,468.33	2.405	2.438	Fed Home Ln Mtg Corp Disc	2,968,200.00
12450	FAD	8,000,000.00	0.000	02/07/2020	04/26/2019	7,851,397.78	2.405	2.438	Fed Home Ln Mtg Corp Disc	7,914,720.00
12163	FAC	5,000,000.00	2.600	02/10/2020	08/10/2018	5,000,000.00	2.564	2.600	Federal Farm Credit Bank	5,014,200.00
12503	FAD	9,000,000.00	1.910	02/21/2020	07/26/2019	8,899,725.00	1.970	1.997	Fed Home Ln Mtg Corp Disc	8,896,950.00
12470	FAD	8,000,000.00	2.030	02/27/2020	06/07/2019	7,880,455.56	2.090	2.119	Fed Agric Mtg Corp Discount	7,905,760.00
12412	FAD	18,000,000.00	2.345	02/28/2020	04/09/2019	17,618,937.50	2.424	2.457	Fed Agric Mtg Corp Discount	17,786,880.00
12442	FAD	7,000,000.00	2.330	03/05/2020	04/16/2019	6,853,210.00	2.408	2.441	Fed Home Ln Mtg Corp Disc	6,915,580.00
12505	FAD	8,000,000.00	0.000	03/06/2020	07/26/2019	7,903,431.11	2.001	2.029	Fed Home Ln Mtg Corp Disc	7,903,120.00
12405	FAD	25,000,000.00	2.330	03/31/2020	04/05/2019	24,415,881.94	2.411	2.444	Federal Home Loan Discount	24,662,500.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12461	FAD	12,000,000.00	0.000	04/15/2020	05/23/2019	11,758,373.33	2.284	2.315	Federal Home Loan Discount	11,828,880.00
12465	FAD	12,500,000.00	2.180	04/15/2020	05/29/2019	12,256,263.89	2.252	2.283	Federal Home Loan Discount	12,321,750.00
12314	FAC	5,000,000.00	2.600	04/24/2020	01/24/2019	4,998,880.00	2.584	2.620	Federal Farm Credit Bank	5,019,850.00
12467	FAD	25,000,000.00	2.135	04/30/2020	06/06/2019	24,512,211.81	2.204	2.234	Fed Agric Mtg Corp Discount	24,622,750.00
12466	FAD	8,000,000.00	1.980	05/29/2020	06/05/2019	7,842,040.00	2.043	2.071	Fed Agric Mtg Corp Discount	7,867,760.00
12469	FAD	12,000,000.00	1.980	05/29/2020	06/06/2019	11,763,720.00	2.043	2.071	Fed Agric Mtg Corp Discount	11,801,640.00
12476	FAD	8,000,000.00	2.010	06/15/2020	06/19/2019	7,838,306.67	2.075	2.103	Fed Agric Mtg Corp Discount	7,856,992.00
12482	FAD	10,000,000.00	1.900	06/15/2020	06/26/2019	9,812,638.89	1.959	1.986	Fed Agric Mtg Corp Discount	9,821,240.00
12007	FAC	5,000,000.00	2.000	06/29/2020	12/29/2017	5,000,000.00	1.972	2.000	Fed Home Ln Mtg Corp	5,000,300.00
12509	FAD	10,000,000.00	1.950	07/15/2020	07/30/2019	9,809,875.00	2.012	2.040	Fed Agric Mtg Corp Discount	9,811,900.00
12329	FAC	10,000,000.00	2.620	08/07/2020	02/07/2019	10,000,000.00	2.584	2.620	Federal Home Loan Bank	10,001,000.00
11858	FAC	5,000,000.00	1.685	08/14/2020	08/15/2017	5,000,234.03	1.381	1.400	Federal Home Loan Bank	4,981,700.00
11866	FAC	5,000,000.00	1.800	08/28/2020	08/28/2017	5,000,000.00	1.775	1.800	Federal Home Loan Bank	4,976,400.00
11876	MC1	44,000.00	3.500	09/14/2020	09/15/2017	44,000.00	3.452	3.500	MARIN COUNTY	44,000.00
12475	FAC	5,000,000.00	2.000	09/17/2020	06/17/2019	4,996,990.00	2.021	2.050	Federal Farm Credit Bank	4,998,050.00
11880	FAC	5,000,000.00	1.800	09/21/2020	09/21/2017	5,000,000.00	1.775	1.800	Fed Home Ln Mtg Corp	4,979,450.00
11890	FAC	5,000,000.00	1.500	09/29/2020	09/29/2017	5,000,000.00	1.862	1.888	Fed Home Ln Mtg Corp	4,991,100.00
12490	FAC	5,000,000.00	1.850	10/02/2020	07/02/2019	4,995,730.00	1.894	1.920	Federal Farm Credit Bank	4,989,100.00
12491	FAC	10,000,000.00	1.850	10/02/2020	07/02/2019	9,992,100.00	1.888	1.915	Federal Farm Credit Bank	9,978,200.00
12411	FAC	5,000,000.00	2.520	10/09/2020	04/09/2019	5,000,000.00	2.485	2.520	Federal Home Loan Bank	5,001,700.00
11908	FAC	5,000,000.00	1.850	10/27/2020	10/27/2017	5,000,000.00	1.824	1.850	Fed Natl Mtg Assoc	4,984,650.00
11931	FAC	4,700,000.00	1.500	11/17/2020	11/17/2017	4,700,000.00	1.972	2.000	Fed Home Ln Mtg Corp	4,700,846.00
12460	FAC	8,800,000.00	2.500	11/23/2020	05/23/2019	8,800,000.00	2.465	2.500	Fed Home Ln Mtg Corp	8,801,760.00
11991	FAC	5,000,000.00	2.000	12/14/2020	12/14/2017	5,000,000.00	1.972	2.000	Federal Home Loan Bank	4,985,800.00
11992	FAC	5,000,000.00	2.000	12/14/2020	12/14/2017	5,000,000.00	1.972	2.000	Federal Home Loan Bank	4,985,800.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12377	FAC	5,000,000.00	2.650	12/18/2020	03/19/2019	5,000,368.06	2.614	2.651	Federal Home Loan Bank	5,000,900.00
12124	FAC	5,000,000.00	2.700	12/21/2020	05/21/2018	4,994,600.00	2.706	2.744	Federal Farm Credit Bank	5,047,000.00
12495	FAC	5,000,000.00	2.200	01/15/2021	07/15/2019	5,000,000.00	2.169	2.200	Fed Home Ln Mtg Corp	4,991,200.00
12034	FAC	5,000,000.00	2.200	01/29/2021	01/29/2018	5,000,000.00	2.169	2.200	Federal Home Loan Bank	4,983,450.00
12040	MC1	100,000.00	3.500	01/31/2021	02/13/2018	100,115.07	3.448	3.495	MARIN COUNTY	100,115.07
12338	FAC	5,250,000.00	2.700	02/08/2021	02/08/2019	5,250,000.00	2.663	2.700	Federal Home Loan Bank	5,250,525.00
12045	FAC	5,000,000.00	2.125	02/12/2021	02/12/2018	5,000,000.00	2.337	2.369	Federal Home Loan Bank	5,000,700.00
12343	FAC	5,000,000.00	2.650	02/19/2021	02/19/2019	5,000,000.00	2.613	2.650	Fed Agric Mrg Corp (FarmerMac)	5,001,300.00
12462	FAC	5,000,000.00	2.500	02/24/2021	05/24/2019	5,000,000.00	2.466	2.501	Federal Home Loan Bank	5,002,250.00
12050	FAC	5,000,000.00	2.420	02/26/2021	02/28/2018	5,000,000.00	2.386	2.420	Fed Home Ln Mtg Corp	5,001,400.00
12381	FAC	5,000,000.00	2.650	03/26/2021	03/26/2019	5,000,000.00	2.613	2.650	Federal Home Loan Bank	5,003,400.00
12493	FAC	10,000,000.00	1.770	04/05/2021	07/05/2019	9,983,600.00	1.840	1.866	Federal Farm Credit Bank	9,971,200.00
12406	FAC	5,000,000.00	2.500	04/08/2021	04/08/2019	5,000,000.00	2.465	2.500	Fed Home Ln Mtg Corp	5,001,850.00
12458	FAC	5,000,000.00	2.500	05/14/2021	05/14/2019	5,000,000.00	2.465	2.500	Fed Home Ln Mtg Corp	5,003,950.00
12459	FAC	5,000,000.00	2.250	05/17/2021	05/17/2019	4,998,650.00	2.232	2.263	Federal Farm Credit Bank	5,025,250.00
12244	FAC	5,000,000.00	3.000	05/27/2021	11/27/2018	5,000,000.00	2.958	3.000	Fed Home Ln Mtg Corp	5,015,200.00
12463	FAC	5,000,000.00	2.500	05/27/2021	05/28/2019	5,000,000.00	2.465	2.500	Fed Home Ln Mtg Corp	5,004,250.00
12471	FAC	6,000,000.00	2.450	06/10/2021	06/10/2019	6,000,000.00	2.416	2.450	Fed Home Ln Mtg Corp	5,995,320.00
12474	FAC	5,000,000.00	2.350	06/17/2021	06/17/2019	5,000,000.00	2.317	2.350	Fed Home Ln Mtg Corp	4,994,150.00
12477	FAC	5,000,000.00	2.400	06/24/2021	06/24/2019	5,000,000.00	2.367	2.400	Fed Home Ln Mtg Corp	4,987,750.00
12499	FAC	5,000,000.00	2.000	07/22/2021	07/22/2019	5,000,000.00	1.972	2.000	Fed Home Ln Mtg Corp	4,994,850.00
12506	FAC	5,000,000.00	2.300	07/29/2021	07/29/2019	5,000,000.00	2.268	2.300	Fed Home Ln Mtg Corp	4,988,700.00
12507	FAC	5,000,000.00	2.200	07/29/2021	07/29/2019	5,000,000.00	2.169	2.200	Fed Home Ln Mtg Corp	4,996,200.00
12508	FAC	5,000,000.00	2.050	07/29/2021	07/29/2019	5,000,000.00	2.021	2.050	Fed Home Ln Mtg Corp	4,991,650.00
12350	FAC	5,000,000.00	2.650	08/26/2021	02/26/2019	5,000,000.00	2.613	2.650	Federal Home Loan Bank	5,013,100.00

INVESTMENT #	TYPE	FACE VALUE	STATED RATE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
12352	FAC	5,000,000.00	2.650	08/27/2021	02/27/2019	5,000,000.00	2.613	2.650	Fed Home Ln Mtg Corp	5,001,850.00
12357	FAC	5,000,000.00	2.689	09/03/2021	03/01/2019	5,000,000.00	3.298	3.344	Fed Agric Mrg Corp (FarmerMac)	5,013,500.00
11877	MC1	42,000.00	3.560	09/15/2021	09/15/2017	42,000.00	3.511	3.560	MARIN COUNTY	42,000.00
12383	FAC	5,000,000.00	2.650	09/27/2021	03/27/2019	5,000,000.00	2.613	2.650	Federal Home Loan Bank	5,003,500.00
12457	FAC	5,000,000.00	2.625	11/09/2021	05/09/2019	5,000,000.00	2.589	2.625	Federal Home Loan Bank	5,000,100.00
12498	FAC	5,000,000.00	2.250	01/18/2022	07/18/2019	5,000,000.00	2.219	2.250	Fed Home Ln Mtg Corp	4,989,500.00
12500	FAC	5,000,000.00	2.125	01/24/2022	07/24/2019	5,000,000.00	2.095	2.125	Fed Home Ln Mtg Corp	4,990,150.00
12041	MC1	100,000.00	3.560	02/01/2022	02/13/2018	100,117.04	3.507	3.555	MARIN COUNTY	100,117.04
11738	RRP	511,062.11	4.500	02/28/2022	03/01/2017	511,062.11	4.438	4.500	MARIN COUNTY	511,062.11
12456	FAC	5,000,000.00	2.625	05/06/2022	05/06/2019	5,000,000.00	2.589	2.625	Federal Home Loan Bank	5,004,650.00
12468	FAC	5,000,000.00	2.550	06/06/2022	06/06/2019	5,000,000.00	2.515	2.550	Fed Home Ln Mtg Corp	5,000,300.00
12486	FAC	5,000,000.00	2.200	06/27/2022	06/28/2019	5,000,000.00	2.169	2.200	Fed Home Ln Mtg Corp	4,978,750.00
12492	FAC	6,000,000.00	2.320	07/01/2022	07/02/2019	6,000,386.67	2.288	2.319	Fed Agric Mrg Corp (FarmerMac)	5,975,880.00
12494	FAC	5,000,000.00	2.300	07/08/2022	07/08/2019	5,000,000.00	2.268	2.300	Fed Home Ln Mtg Corp	4,987,550.00
11869	RRP	1,879,579.23	4.500	09/01/2022	09/01/2017	1,879,579.23	4.438	4.500	MARIN COUNTY	1,879,579.23
11878	MC1	40,000.00	3.648	09/15/2022	09/15/2017	40,000.00	3.598	3.648	MARIN COUNTY	40,000.00
12042	MC1	100,000.00	3.648	02/01/2023	02/13/2018	100,119.93	3.593	3.643	MARIN COUNTY	100,119.93
		1,342,765,800.68				1,325,536,776.98				1,335,101,715.79
AMORTIZATION & ACCRETION OF PREMIUMS & DISCOUNTS						2,152.06			ACCRUED INTEREST DISCOUNT INVESTMENTS	
		1,342,765,800.68				1,325,538,929.04				1,335,101,715.79



TREASURER DIVISION - DEPARTMENT OF FINANCE
PORTFOLIO SUMMARY REPORT - OPERATING FUNDS
COUNTY OF MARIN, SCHOOLS & SPECIAL DISTRICTS
July 31, 2019

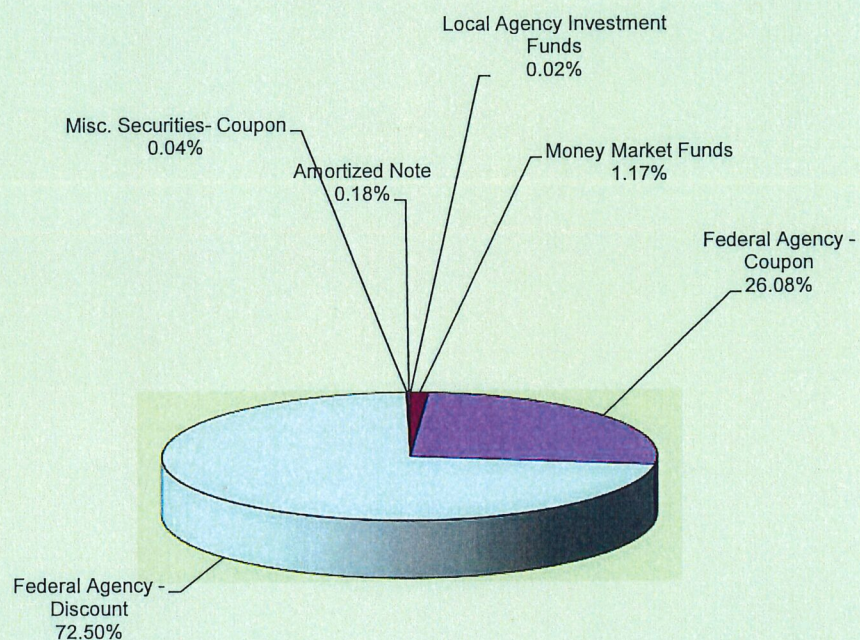
DESCRIPTION	ENDING BALANCE July 31, 2019	AVERAGE BALANCE July 31, 2019	WEIGHTED AVERAGE DAYS TO MATURITY	ANNUALIZED YIELD July 31, 2019	YIELD July 31, 2019
LOCAL AGENCY INVESTMENT FUNDS	\$249,123.73	\$248,409.36	1	2.379	2.379
MONEY MARKET FUNDS	\$15,554,035.61	\$16,847,463.98	1	2.235	2.230
FEDERAL AGENCY ISSUES - COUPON	\$345,705,288.76	\$358,571,934.79	509	2.143	2.154
FEDERAL AGENCY ISSUES - DISCOUNT	\$961,065,220.43	\$1,053,588,839.25	134	2.435	2.437
TREASURY SECURITIES - COUPON					
TREASURY SECURITIES - DISCOUNT					
MISC SECURITIES - COUPON	\$572,467.11	\$572,000.00	684	3.551	3.548
AMORTIZED NOTE	\$2,390,641.34	\$2,390,641.34	1,087	4.795	4.500
TOTALS & AVERAGES	\$1,325,536,776.98	\$1,432,219,288.73	232	2.364%	2.365%

The Local Agency Investment Funds is an open ended account and is not included in the total weighted days to maturity.

**Treasurer Division - Department of Finance
Portfolio Yield Report - Operating Funds
County of Marin, Schools & Special Districts
July 31, 2019**

INVESTMENT HOLDINGS	BOOK VALUE	7/31/19
Local Agency Investment Funds	\$249,123.73	2.379%
Money Market Funds	\$15,554,035.61	2.230%
Federal Agency - Coupon	\$345,705,288.76	2.154%
Federal Agency - Discount	\$961,065,220.43	2.437%
Misc. Securities- Coupon	\$572,467.11	3.548%
Amortized Note	\$2,390,641.34	4.500%
TOTAL	\$1,325,536,776.98	2.365%

PORTFOLIO ALLOCATION



TREASURER DIVISION - DEPARTMENT OF FINANCE
REPORT OF INVESTMENTS - NON-OPERATING FUNDS
CHILDREN & FAMILIES COMMISSION

July 31, 2019

Page 1

INVESTMENT #	TYPE	FACE VALUE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
101	LA2	103,474.43	//	//	103,474.43	2.346	2.379	LOCAL AGENCY INVESTMENT FUND	103,474.43
		103,474.43			103,474.43				103,474.43

TREASURER DIVISION - DEPARTMENT OF FINANCE

REPORT OF INVESTMENTS - NON-OPERATING FUNDS

SAN RAFAEL SCHOOLS

July 31, 2019

Page 1

INVESTMENT #	TYPE	FACE VALUE	MATURITY DATE	PURCHASE DATE	BOOK VALUE	YTM 360 DAYS	YTM 365 DAYS	DESCRIPTION	MARKET VALUE
687	LA1	0.00	/ /	/ /	0.00	5.181	5.253	LOCAL AGENCY INVESTMENT FUND	0.00
746	LA1	448,217.19	/ /	/ /	448,217.19	2.346	2.379	LOCAL AGENCY INVESTMENT FUND	448,217.19
		448,217.19			448,217.19				448,217.19
AMORTIZATION & ACCRETION OF PREMIUMS & DISCOUNTS					-0-				
		448,217.19			448,217.19				448,217.19

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this APPENDIX F has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this APPENDIX, “Securities” means the Bonds, “Issuer” means the District, and “Agent” means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.