

**TULARE JOINT UNION HIGH
SCHOOL DISTRICT
COUNTY OF TULARE
TULARE, CALIFORNIA
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

**M. GREEN AND COMPANY LLP
Certified Public Accountants
Visalia, CA 93277**

Introductory Section

Tulare Joint Union High School District
 Audit Report
 For the Year Ended June 30, 2017

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
INTRODUCTORY SECTION		
Table of Contents	i-ii	
MANAGEMENT'S DISCUSSION AND ANALYSIS	1	
FINANCIAL SECTION		
Independent Auditors' Report	12	
<u>Basic Financial Statements:</u>		
Government-wide Financial Statements:		
Statement of Net Position	14	Exhibit A-1
Statement of Activities	15	Exhibit A-2
Fund Financial Statements:		
Balance Sheet – Governmental Funds	17	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	19	Exhibit A-4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22	Exhibit A-6
Statement of Net Position – Proprietary Funds.....	23	Exhibit A-7
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	24	Exhibit A-8
Statement of Cash Flows – Proprietary Funds.....	25	Exhibit A-9
Statement of Fiduciary Net Position– Fiduciary Funds	26	Exhibit A-10
Notes to the Financial Statements	27	
REQUIRED SUPPLEMENTARY INFORMATION SECTION		
<u>Budgetary Comparison Schedule:</u>		
General Fund	53	Exhibit B-1
Schedule of Funding Progress – Other Postemployment Benefit Plan	54	Exhibit B-2
Schedule of the District's Proportionate Share of the Net Pension Liability.....	55	Exhibit B-3
Schedule of the District's Contributions.....	56	Exhibit B-4
OTHER SUPPLEMENTARY INFORMATION SECTION		
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet – Non-Major Governmental Funds.....	57	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	58	Exhibit C-2
Special Revenue Funds:		
Combining Balance Sheet – Non-Major Special Revenue Funds.....	59	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds	60	Exhibit C-4

Tulare Joint Union High School District
 Audit Report
 For the Year Ended June 30, 2017

TABLE OF CONTENTS

Internal Service Funds:

Combining Statement of Net Position – Internal Service Funds.....	61	Exhibit C-5
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds.....	62	Exhibit C-6

Agency Funds:

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds.....	63	Exhibit C-7
-----------------------------------------------------------------------------	----	-------------

Other Required Schedules as Supplementary Information:

Local Education Agency Organization Structure	64	Table D-1
Schedule of Average Daily Attendance.....	65	Table D-2
Schedule of Instructional Time	66	Table D-3
Schedule of Financial Trends and Analysis.....	67	Table D-4
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	68	Table D-5
Schedule of Charter Schools.....	69	Table D-6
Schedule of Expenditures of Federal Awards	70	Table D-7
Notes to the Schedule of Expenditures of Federal Awards	71	

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 <i>Government Auditing Standards</i>	72
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	74
Independent Auditors' Report on State Compliance	76

FINDINGS AND QUESTIONED COSTS SECTION

Schedule of Findings and Questioned Costs	78
Letter to Management	80
Summary Schedule of Prior Year Audit Findings	81

Management's Discussion and Analysis

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

This section of Tulare Joint Union High School District's (the District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Tulare Joint Union High School District (the District) using the integrated approach as prescribed by GASB Statement No. 34. The report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

District-Wide Statements

The *District-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting, which is similar to those used by private-sector companies. They provide both short-term and long-term information about the District's overall financial status. They present governmental activities and business-type activities separately. These statements include all assets of the District (including infrastructure), deferred outflows of resources, as well as all liabilities (including long-term debt) and deferred inflows of resources. 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. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The District-wide statements report the District's net position and how it may have changed. Net position - assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities would normally be divided into two categories:

- Governmental activities — Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- Business-type activities — The District's school farm and dairy activities are included here. In addition, any fees the District may charge to help it cover the costs of certain services it provides that do not constitute major reportable activities would be reported here.

Fund Financial Statements

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary. They focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements (which reports on the District as a whole).

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like construction projects) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds*— These statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. They tell how basic services like regular and special education were financed in the short term as well as what remains for future spending. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information following the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds*— Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements using the economic resources measurement focus and the accrual basis of accounting. They offer short and long-term financial information about the activity the District operates like a business.

Our District utilizes enterprise funds (one type of proprietary fund), which are the same as business-type activities. The District currently has one enterprise fund – the School Farm Fund. We also use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities. The District currently has three internal service funds — the Warehouse Revolving Fund, the Self-Insurance Property/Liability Fund, and the Self-Insurance Health and Welfare Fund.

- *Fiduciary funds*— The District is the trustee, or fiduciary, for assets that belong to others. The District currently has two fiduciary (agency) funds, the student activities fund and the Tulare Area Schools Health JPA Fund (Warrant/Pass-through Fund). The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position, which does not have a measurement focus. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

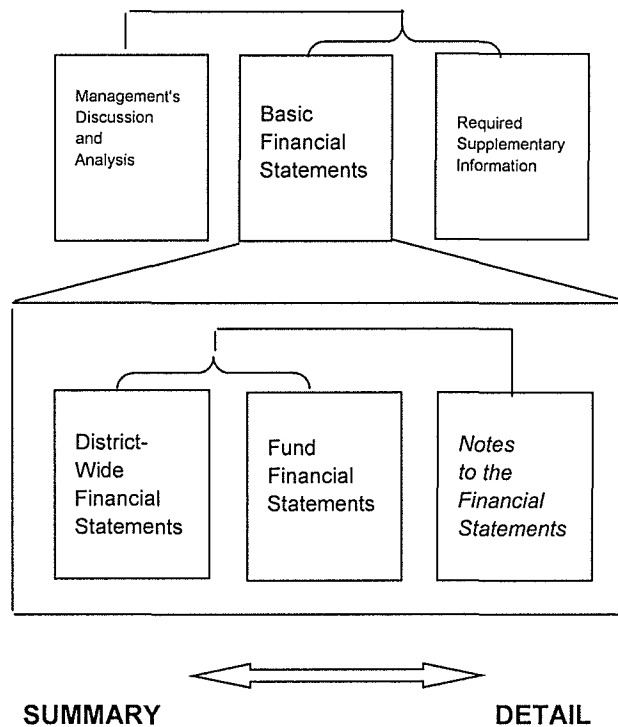
The financial statements also include *notes* that explain some of the information of the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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



Reconciliation of the Fund Financial Statements to the District-Wide Financial Statements is provided to explain the differences created by the integrated approach.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The District's financial status remained strong. Total net position was \$26.3 million at June 30, 2017.
- Overall revenues were \$80.3 million, up just over 5.1% from the prior year. Revenues for the current year were \$1.9 million less than basic expenses.
- The total cost of basic expenditures increased 11% in the current year, when compared to prior year's expenditures. This is compared to the 10% increase in basic expenditures occurring last year.
- Enrollment increased this year following a small increase in the prior year. Enrollment, based on CalPADS, was 126 students higher this year than last.
- Growth in the City of Tulare, which affects the District, has continued to increase. Our revenues from Developer Fee Funds have increased by 23% in the current year, after decreasing by 4% the year before. Property tax revenues have increased by 10%. These, however, do not increase our overall revenue, but rather decrease our State aid in a proportional amount.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, we report both the District's governmental activities and the District's business-type activities. All of the District's services are reported in these categories, and include the education of ninth through twelfth grade students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, as well as Federal, State and local grants, finance these activities.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

A more detailed analysis of the District's net position and changes in net position follows:

Net position. The District's combined net position for June 30, 2017 was \$26.26 million compared to the net position at June 30, 2016, which was \$28.26 million. Of this amount, \$28.83 million was restricted compared to \$31.16 million in the prior year. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use that net position for day-to-day operations. The following analysis focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

Net Position

Amounts in millions	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2017	2016	2017-2016	2017	2016	2017-2016
Assets:						
Current and other assets	\$ 48.59	\$ 45.58	6.60%	\$ 0.04	\$ 0.06	-33.33%
Capital Assets	83.96	85.00	-1.22%	0.33	0.30	10.00%
Total Assets	132.55	130.58	1.51%	0.37	0.36	2.78%
Deferred Outflows of Resources:						
Deferred Outflows of Resources -						
Pensions	12.37	5.30	133.40%	0.02	0.01	100.00%
Liabilities:						
Current Liabilities	6.33	3.45	83.48%	0.02	0.02	0.00%
Net Pension Liability	54.87	43.64	25.73%	0.05	0.03	66.67%
Other Postemployment Benefit Obligation	2.31	1.80	28.33%	-	-	0.00%
Long-Term Liabilities	54.05	54.79	-1.35%	-	-	0.00%
Total Liabilities	117.56	103.68	13.39%	0.07	0.05	40.00%
Deferred Inflows of Resources:						
Deferred Inflows of Resources -						
Pensions	1.41	4.26	-66.90%	-	0.01	-100.00%
Net Position:						
Invested in Capital Assets, net of Related Debt	30.14	30.42	-0.92%	0.33	0.30	10.00%
Restricted	28.83	31.16	-7.48%	-	-	0.00%
Unrestricted	(33.03)	(33.64)	-1.81%	(0.01)	0.02	-150.00%
Total Net Position	\$ 25.94	\$ 27.94	-7.16%	\$ 0.32	\$ 0.32	0.00%

The (\$33.03) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The amount of (\$33.03) million is a lower deficit this year compared to (\$33.64) million last year.

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Changes in net position. The District's total revenues for governmental activities were \$79.83 million for the fiscal year ended June 30, 2017 (See Table 2). Property taxes and State aid accounted for most of the District's revenue, with both contributing about 70 cents of every dollar raised (See Figure 3). Another 3% came from State and Federal aid for specific programs, and the remainder from fees charged for services and miscellaneous sources.

The total cost of all programs and services was \$81.74 million. The majority of the District's expenses, 59%, relate to educating students (See Figure 4). The purely administrative activities of the District accounted for just over 7% of total costs. Expenses occurred according to final budgeted expectations, and revenues came in as anticipated, creating a deficit of \$1.91 million.

The amount that our taxpayers ultimately financed for these activities through local taxes was only \$0.2 million because the cost was paid by those who benefited from the programs (\$2.2 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$13.9 million). We paid for the remaining "public benefit" portion of our governmental activities with \$5.1 million in taxes, \$55.9 million in state funds, and with other revenues, like interest and general entitlements.

Table 2

Changes in Net Position

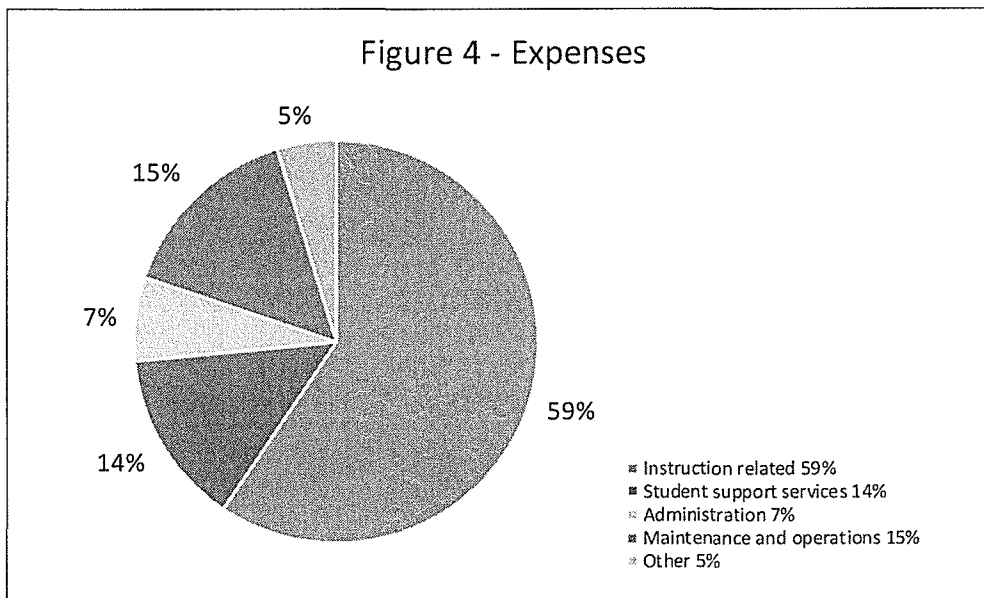
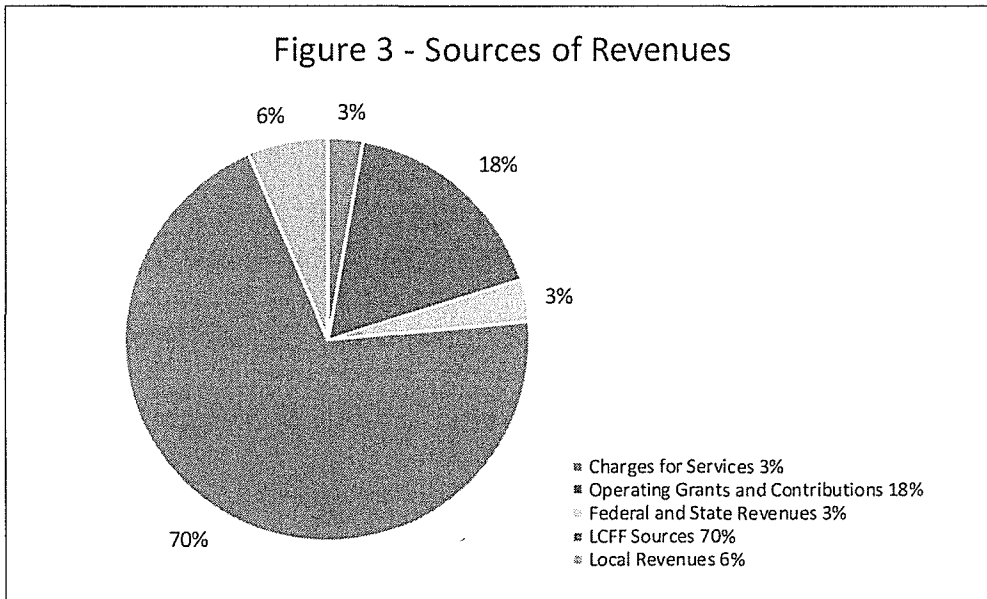
Amounts in millions	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2017	2016	2017-2016	2017	2016	2017-2016
Revenues:						
Program Revenues:						
Charges for services	\$ 2.22	\$ 2.02	9.90%	\$ 0.39	\$ 0.38	2.63%
Operating grants and contributions	13.92	13.67	1.83%	0.01	0.02	-50.00%
General revenues:						
LCFF Sources	55.93	51.99	7.58%	-	-	0.00%
Federal and State revenues	2.68	3.44	-22.09%	-	-	0.00%
Local revenues	5.08	4.90	3.67%	0.05	-	100.00%
Loss on disposal of assets	-	-	0.00%	(0.01)	-	100.00%
Total Revenues	79.83	76.02	5.01%	0.44	0.40	10.00%
Expenses:						
Instruction and instruction related	48.60	43.38	12.03%	-	-	0.00%
Student support services	11.52	10.50	9.71%	-	-	0.00%
Administration	5.44	4.49	21.16%	-	-	0.00%
Plant services	12.30	11.29	8.95%	-	-	0.00%
Other	3.88	3.77	2.92%	0.44	0.36	22.22%
Total Expenses	81.74	73.43	11.32%	0.44	0.36	22.22%
Excess (Deficiency)	(1.91)	2.59	173.75%	-	0.04	-100.00%
Transfers	-	(0.05)	-100.00%	-	0.05	-100.00%
Prior Period Adjustment	(0.08)	-	100.00%	-	-	0.00%
Changes in Net Position	\$ (1.99)	\$ 2.54	178.35%	\$ -	\$ 0.09	-100.00%

The District originally projected a deficit of \$0.89 million (see Budgetary Comparison Statement Schedule for the General Fund). The General Fund revenues were \$3.68 million more than originally expected and expenditures and transfers out were \$0.11 million less than projected.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017



TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement. We have reported our three major governmental funds separately (the General Fund, the Special Reserve Fund for Capital Outlay and the Bond Interest and Redemption Fund #1), and all other funds combined (Non-major Funds) on the Governmental Funds Balance Sheet.

In Table 3, we have presented the cost of each of the District's largest functions - regular program instruction and instruction related activities (supervision, library and media, and site administration), student support services, plant services, and other general administration, as well as each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

Net Cost of Governmental Activities

Amounts in millions	Total			Total		
	Cost of Services		Percentage	Net Cost of Services		Percentage
	2017	2016	Change	2017	2016	Change
Instruction	\$ 48.60	\$ 43.38	12.03%	\$ (38.44)	\$ (33.80)	13.73%
Pupil Services	11.52	10.50	9.71%	(8.10)	(7.16)	13.13%
General Administration	5.44	4.49	21.16%	(4.92)	(4.06)	21.18%
Plant Services	12.30	11.29	8.95%	(10.89)	(9.53)	14.27%
Other	3.88	3.77	2.92%	(3.26)	(3.19)	2.19%
TOTAL	\$ 81.74	\$ 73.43	11.32%	\$ (65.61)	\$ (57.74)	13.63%

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Fund Net Position*. The District's school farm is an enterprise fund (which is the same as the business-type activities that are reported in the government-wide statements). We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's self-insurance fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$39.7 million, which is an increase of \$0.3 million from last year.

The primary reasons for this increase are:

- a. The General Fund increased by \$2.9 million due to better than expected average daily attendance and one-time funds for prior year mandated cost claims reimbursements.
- b. The Special Reserve Fund for Capital Outlay decreased by \$4.4 million due to construction projects from the Facilities Master Plan.
- c. The Bond Interest & Redemption Fund #1 increased by \$0.50 million due to increased property tax collections.
- d. The Other Governmental Funds increased by \$1.29 million due to increased revenue in the Adult Education Fund, and better than expected developer fee collections in the Capital Facilities Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was approved on September 21, 2017. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 53. There were a number of areas where the District experienced significant variances between the original budget and the final budget: LCFF revenues, Other State revenues, Classified Salaries, Books and Supplies and Capital Outlay. LCFF revenues budget increased due to better than expected ADA. Other State revenues budget increased due to prior year mandated cost claims reimbursement of \$1.09 million received; and Career Technical Education Incentive Grant of \$1.11 million. Classified salaries budget increased due to negotiations; Books and supplies budget increased due to expenditures under the Career Technical Education Incentive Grant; and Capital Outlay budget increased due to the purchase of additional new school buses.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had invested \$141.53 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease of over \$2.17 million from last year. Table 4 shows these amounts net of accumulated depreciation.

Table 4

**Capital Assets at Year-End
(Net of depreciation)**

Amounts in millions.	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2017	2016	2017-2016	2017	2016	2017-2016
	Land	\$ 6.09	\$ 6.09	0.00%	\$ -	\$ -
Buildings and improvements	74.28	77.00	-3.53%	0.06	0.07	-14.29%
Equipment	2.82	1.83	-5.41%	0.01	0.02	-50.00%
Work in Progress	0.76	0.09	744.44%	-	-	0.00%
Livestock	-	-	0.00%	0.25	0.21	19.05%
NET CAPITAL ASSETS	\$ 83.96	\$ 85.01	-1.24%	\$ 0.33	\$ 0.30	10.00%

For the 2017-2018 fiscal year, the District has refined the priority list and budget for projects on the Facilities Master Plan. The desires of the Board of Trustees will dictate the timing on any future capital additions. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Debt

At the end of this year, the District had \$54.05 million in long-term debt outstanding versus \$54.80 million last year, a decrease of 1.4%. Total long-term debt is detailed in Table 5:

Table 5

Outstanding Debt at Year-End

Amounts in millions	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2017	2016	2017-2016	2017	2016	2017-2016
	General obligation bonds	\$ 53.63	\$ 54.58	-1.74%	\$ -	\$ -
Capital lease	0.18	0.01	1700.00%	-	-	-
Compensated absences	0.24	0.21	14.29%	-	-	-
Totals	\$ 54.05	\$ 54.80	-1.37%	\$ -	\$ -	-

We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District budget for the 2017-2018 year, the District Board and management are facing many challenges.

The key assumptions in our revenue forecast are:

1. The Local Control Funding Formula (LCFF) will continue to be the funding mechanism for schools.
2. State aid revenue will increase as the LCFF moves toward full funding in 2020-2021.
3. The percentage of unduplicated eligible students will remain at the same level as 2016-2017.
4. As of the date of the financial statements, the District has experienced growth of 46 student enrollment compared to 2016-2017.
5. Interest earnings will decrease due to stagnant interest rates and budgeted deficit spending.
6. Developer fee collections will be similar to 2016-2017.
7. Federal revenues will remain at 2016-2017 levels.

The financial status of the State of California continues to affect our expectations of future funding. Although the State legislature's approved budget is balanced for the current and next two years, it also shows weakened revenues in the current and future years. The Local Control Funding Formula (LCFF) implementation gap has now been closed by 97.95%, bringing us closer to our target funding. While this is good news, caution is still warranted. Employer costs for both the State Teachers' Retirement System (STRS) and the Public Employees' Retirement System (PERS) will continue to increase through 2020-21 at rates that are expected to far outpace the projected cost of living increase. Our District remains committed to providing educational opportunities for all our students and will continue to take a conservative approach to financial planning.

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>	<u>Enrollment</u>
Grades nine through twelve	23.7:1	5,639

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, 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 the Business Manager, at Tulare Joint Union High School District, 426 North Blackstone, Tulare, California, 93274, or e-mail at vivian.hamilton@tulare.k12.ca.us

Financial Section



M. Green and Company LLP

Tulare
Visalia
Dinuba
Lindsay
Hanford

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 3330 • Visalia, California 93278-3330 • Telephone (559) 627-3900 • FAX (559) 625-1606
E-mail: visalia@mgreencpas.com • Web Site: www.mgreencpas.com

Independent Auditors' Report

Board of Trustees
Tulare Joint Union High School District
426 North Blackstone
Tulare, California 93274

Members of the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tulare Joint Union High School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tulare Joint Union High School District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for OPEB benefits, schedule of Tulare Joint Union High School District's proportionate share of the net pension liability and schedule of Tulare Joint Union High School District's contributions on pages 1–11 and 53–56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tulare Joint Union High School District's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying other required supplementary schedules as other supplementary information as required by the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The combining statements presented as other supplementary information on pages 57 through 63 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of Tulare Joint 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 Tulare Joint 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 Tulare Joint Union High School District's internal control over financial reporting and compliance.

M. Green and Company LLP

Visalia, California
December 8, 2017

Basic Financial Statements

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

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash in County Treasury	\$ 40,984,723	\$ 53,719	\$ 41,038,442
Cash on Hand and in Banks	8,926	-	8,926
Cash in Revolving Fund	15,000	-	15,000
Investments	3,424,182	-	3,424,182
Accounts Receivable	3,942,072	14,601	3,956,673
Internal Balances	76,088	(76,088)	-
Stores Inventories	143,361	-	143,361
Other Current Assets	-	51,441	51,441
Capital Assets:			
Land	6,087,356	951	6,088,307
Land Improvements, Net	2,453,565	-	2,453,565
Buildings, Net	71,830,779	62,355	71,893,134
Equipment, Net	2,818,813	10,183	2,828,996
Livestock, Net	-	253,587	253,587
Work in Progress	764,545	-	764,545
Total Assets	<u>132,549,410</u>	<u>370,749</u>	<u>132,920,159</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources - Pensions	<u>12,367,967</u>	<u>20,487</u>	<u>12,388,454</u>
Total Deferred Outflows of Resources	<u>12,367,967</u>	<u>20,487</u>	<u>12,388,454</u>
LIABILITIES:			
Accounts Payable	4,568,021	20,041	4,588,062
Unearned Revenue	1,766,026	-	1,766,026
Noncurrent Liabilities:			
Net Pension Liability	54,864,622	52,112	54,916,734
Other Postemployment Benefit Obligation	2,311,697	-	2,311,697
Due within one year	4,276,638	-	4,276,638
Due in more than one year	<u>49,775,772</u>	<u>-</u>	<u>49,775,772</u>
Total Liabilities	<u>117,562,776</u>	<u>72,153</u>	<u>117,634,929</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources - Pensions	<u>1,414,955</u>	<u>2,914</u>	<u>1,417,869</u>
Total Deferred Inflows of Resources	<u>1,414,955</u>	<u>2,914</u>	<u>1,417,869</u>
NET POSITION:			
Net Investment in Capital Assets	30,143,447	327,076	30,470,523
Restricted For:			
Debt Service	11,140,723	-	11,140,723
Capital Projects	7,259,292	-	7,259,292
Scholarships	528,885	-	528,885
Legally Restricted Programs	6,125,178	-	6,125,178
Specific Programs	3,778,471	-	3,778,471
Unrestricted	<u>(33,037,350)</u>	<u>(10,907)</u>	<u>(33,048,257)</u>
Total Net Position	<u>\$ 25,939,646</u>	<u>\$ 316,169</u>	<u>\$ 26,255,815</u>

The accompanying notes are an integral part of this statement.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
PRIMARY GOVERNMENT:			
Governmental Activities:			
Instruction	\$ 41,194,856	\$ 661,771	\$ 7,635,368
Instruction-Related Services	7,412,073	118,908	1,753,524
Pupil Services	9,683,552	470,197	2,909,976
Ancillary Services	1,834,353	-	42,609
General Administration	5,441,114	22,492	502,526
Plant Services	12,296,035	534,832	870,798
Other Outgo	877,400	412,664	204,515
Interest on Long-Term Obligations	2,998,887	-	-
Total Governmental Activities	<u>81,738,270</u>	<u>2,220,864</u>	<u>13,919,316</u>
Business-type Activities:			
Enterprising Activities	443,802	390,810	5,429
Total Business-type Activities	<u>443,802</u>	<u>390,810</u>	<u>5,429</u>
Total Primary Government	<u>\$ 82,182,072</u>	<u>\$ 2,611,674</u>	<u>\$ 13,924,745</u>

General Revenues:
 LCFF Sources
 State Revenues
 Local Revenues
 Loss on Disposal of Assets
 Total General Revenues
 Change in Net Position
 Net Position - Beginning
 Prior Period Adjustment
 Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (32,897,717)		\$ (32,897,717)
(5,539,641)		(5,539,641)
(6,303,379)		(6,303,379)
(1,791,744)		(1,791,744)
(4,916,096)		(4,916,096)
(10,890,405)		(10,890,405)
(260,221)		(260,221)
<u>(2,998,887)</u>		<u>(2,998,887)</u>
<u>(65,598,090)</u>		<u>(65,598,090)</u>
-	\$ (47,563)	(47,563)
-	(47,563)	(47,563)
<u>(65,598,090)</u>	<u>(47,563)</u>	<u>(65,645,653)</u>
55,926,174	-	55,926,174
2,675,782	274	2,676,056
5,081,867	56,731	5,138,598
-	(6,511)	(6,511)
<u>63,683,823</u>	<u>50,494</u>	<u>63,734,317</u>
(1,914,267)	2,931	(1,911,336)
27,937,797	313,238	28,251,035
(83,884)	-	(83,884)
<u>\$ 25,939,646</u>	<u>\$ 316,169</u>	<u>\$ 26,255,815</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay</u>
ASSETS:		
Cash in County Treasury	\$ 19,639,678	\$ 5,171,702
Cash on Hand and in Banks	2,324	-
Cash in Revolving Fund	15,000	-
Investments	3,424,182	-
Accounts Receivable	2,314,281	-
Due from Other Funds	89,298	-
Stores Inventories	16,613	-
Total Assets	<u>\$ 25,501,376</u>	<u>\$ 5,171,702</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 4,204,067	\$ 305,508
Due to Other Funds	65,983	-
Unearned Revenue	1,766,026	-
Total Liabilities	<u>6,036,076</u>	<u>305,508</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	15,000	-
Stores Inventories	16,613	-
Restricted Fund Balances	6,125,178	4,866,194
Assigned Fund Balances	-	-
Unassigned:		
Other Unassigned	<u>13,308,509</u>	<u>-</u>
Total Fund Balance	<u>19,465,300</u>	<u>4,866,194</u>
Total Liabilities and Fund Balances	<u>\$ 25,501,376</u>	<u>\$ 5,171,702</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Bond Interest & Redemption Fund #1	Other Governmental Funds	Total Governmental Funds
\$ 9,431,614	\$ 5,037,718	\$ 39,280,712
-	6,602	8,926
-	-	15,000
-	-	3,424,182
-	860,635	3,174,916
-	65,983	155,281
-	26,425	43,038
<u>\$ 9,431,614</u>	<u>\$ 5,997,363</u>	<u>\$ 46,102,055</u>
\$ -	\$ 56,557	\$ 4,566,132
-	-	65,983
-	-	1,766,026
<u>-</u>	<u>56,557</u>	<u>6,398,141</u>
-	-	15,000
-	26,425	43,038
9,431,614	5,914,221	26,337,207
-	160	160
-	-	13,308,509
<u>9,431,614</u>	<u>5,940,806</u>	<u>39,703,914</u>
<u>\$ 9,431,614</u>	<u>\$ 5,997,363</u>	<u>\$ 46,102,055</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - governmental funds balance sheet \$ 39,703,914

Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds:

Capital assets	140,975,057
Accumulated depreciation	(57,019,998)

Other long-term assets are not available to pay for current period expenditures, and therefore are not reported in the funds:

Deferred outflows of resources related to pensions	12,367,967
----------------------------------------------------	------------

Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:

Bonds payable	(53,007,901)
Capital lease	(179,105)
Compensated absences	(240,799)
Net pension liability	(54,864,622)
Other postemployment benefit obligations payable	(2,311,697)
Deferred inflows of resources related to pensions	(1,414,955)
Premiums are amortized over the life of the debt	(624,605)

The assets and liabilities of internal service funds are included in governmental activities in the SNP.

2,556,390

Net position of governmental activities - Statement of Net Position	<u>\$ 25,939,646</u>
---------------------------------------------------------------------	----------------------

The accompanying notes are an integral part of this statement.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay</u>
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 37,881,837	\$ -
Education Protection Account Funds	7,841,844	-
Local Sources	10,202,493	-
Federal Revenue	3,283,796	-
Other State Revenue	5,084,054	-
Other Local Revenue	<u>2,562,209</u>	<u>28,378</u>
Total Revenues	<u>66,856,233</u>	<u>28,378</u>
Expenditures:		
Current:		
Instruction	33,724,965	-
Instruction - Related Services	6,343,760	-
Pupil Services	7,098,979	-
Ancillary Services	1,722,286	-
General Administration	5,131,519	-
Plant Services	8,071,150	3,681,247
Other Outgo	877,400	-
Capital Outlay	1,182,333	732,689
Debt Service:		
Principal	27,205	-
Interest	<u>3,561</u>	<u>-</u>
Total Expenditures	<u>64,183,158</u>	<u>4,413,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,673,075</u>	<u>(4,385,558)</u>
Other Financing Sources (Uses):		
Other Sources	<u>197,262</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>197,262</u>	<u>-</u>
Net Change in Fund Balance	2,870,337	(4,385,558)
Fund Balance, July 1	13,410,805	12,435,910
Prior Period Adjustment	<u>3,184,158</u>	<u>(3,184,158)</u>
Fund Balance, June 30	<u>\$ 19,465,300</u>	<u>\$ 4,866,194</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Bond Interest & Redemption Fund #1	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 37,881,837
-	-	7,841,844
-	-	10,202,493
-	2,553,623	5,837,419
29,274	3,135,122	8,248,450
<u>3,749,802</u>	<u>2,662,972</u>	<u>9,003,361</u>
<u>3,779,076</u>	<u>8,351,717</u>	<u>79,015,404</u>
-	2,217,166	35,942,131
-	832,765	7,176,525
-	2,815,969	9,914,948
-	68,648	1,790,934
-	129,627	5,261,146
-	369,414	12,121,811
-	-	877,400
-	18,334	1,933,356
3,195,000	610,000	3,832,205
79,875	-	83,436
<u>3,274,875</u>	<u>7,061,923</u>	<u>78,933,892</u>
<u>504,201</u>	<u>1,289,794</u>	<u>81,512</u>
-	-	197,262
-	-	197,262
504,201	1,289,794	278,774
9,011,297	4,651,012	39,509,024
(83,884)	-	(83,884)
<u>\$ 9,431,614</u>	<u>\$ 5,940,806</u>	<u>\$ 39,703,914</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$	278,774
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset:		
Expenditures for capital outlay		2,508,282
Depreciation expense		(3,556,828)
Certain expenditures in the funds are not reported as expenses in the SOA:		
Repayment of bonds payable		3,805,000
Repayment of capital lease		27,205
Expenses reported in the SOA that do not require the use of current financial resources are not reported as expenditures in the funds:		
Accretion of interest on capital appreciation bonds		(2,915,451)
Compensated absences		(34,226)
Annual other postemployment benefit cost in excess of the employer contributions		(515,377)
Premiums, discounts, and deferred amount on refunding are recognized as a part of long-term debt transactions in the year of issuance by governmental funds. However, these costs are deferred and amortized in the SOA:		
Amortization of premiums		54,322
Proceeds of long-term debt are recognized as other sources in the funds but not as revenue in the SOA.		(197,262)
The net change in the net pension liability, deferred outflows and deferred inflows are reported as pension expense in the SOA. Pension contributions are reported as expenditures in the funds.		(1,307,958)
The net revenue (expense) of internal service funds is reported with governmental activities.		(60,748)
Change in net position of governmental activities - Statement of Activities	\$	<u>(1,914,267)</u>

The accompanying notes are an integral part of this statement.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

	School Farm Fund	Internal Service Funds
ASSETS:		
Current Assets:		
Cash in County Treasury	\$ 53,719	\$ 1,704,010
Accounts Receivable	14,601	767,156
Store Inventories	-	100,323
Other Current Assets	51,441	-
Total Current Assets	<u>119,761</u>	<u>2,571,489</u>
Noncurrent Assets:		
Fixed Assets-		
Land	951	-
Buildings and Improvements	182,177	-
Accumulated Depreciation - Buildings and Improvements	(119,822)	-
Equipment	53,165	-
Accumulated Depreciation - Equipment	(42,982)	-
Livestock	323,200	-
Accumulated Depreciation - Livestock	(69,613)	-
Total Noncurrent Assets	<u>327,076</u>	<u>-</u>
Total Assets	<u>446,837</u>	<u>2,571,489</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources - Pensions	20,487	-
Total Deferred Outflows of Resources	<u>20,487</u>	<u>-</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	20,041	1,889
Due to Other Funds	76,088	13,210
Total Current Liabilities	<u>96,129</u>	<u>15,099</u>
Noncurrent Liabilities:		
Net Pension Liability	52,112	-
Total Noncurrent Liabilities	<u>52,112</u>	<u>-</u>
Total Liabilities	<u>148,241</u>	<u>15,099</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pensions	2,914	-
Total Deferred Inflows of Resources	<u>2,914</u>	<u>-</u>
NET POSITION:		
Restricted for Insurance	-	87,633
Unrestricted	316,169	2,468,757
Total Net Position	<u>\$ 316,169</u>	<u>\$ 2,556,390</u>

The accompanying notes are an integral part of this statement.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	School Farm Fund	Internal Service Funds
Operating Revenues:		
State Revenue	\$ 274	\$ -
Local Revenue	452,709	9,061,782
Total Revenues	<u>452,983</u>	<u>9,061,782</u>
Operating Expenses:		
Certificated Personnel Salaries	4,800	-
Classified Personnel Salaries	59,987	-
Employee Benefits	30,128	-
Books and Supplies	152,759	128,988
Services and Other Operating Expenses	115,147	9,008,209
Depreciation	80,981	-
Total Expenses	<u>443,802</u>	<u>9,137,197</u>
Operating Income (Loss)	<u>9,181</u>	<u>(75,415)</u>
Nonoperating Revenues (Expenses):		
Interest Income	261	14,667
Loss on Disposal of Assets	(6,511)	-
Total Nonoperating Revenues (Expenses)	<u>(6,250)</u>	<u>14,667</u>
Income (Loss) before Contributions and Transfers	<u>2,931</u>	<u>(60,748)</u>
Change in Net Position	2,931	(60,748)
Total Net Position - Beginning	313,238	2,617,138
Total Net Position - Ending	<u>\$ 316,169</u>	<u>\$ 2,556,390</u>

The accompanying notes are an integral part of this statement.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	School Farm Fund	Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 509,259	\$ -
Cash Received from Interfund Services Provided	-	8,309,833
Cash Payments to Employees for Services	(92,212)	-
Cash Payments for Insurance Claims	-	(9,017,405)
Cash Payments to Other Suppliers for Goods and Services	(265,909)	(119,389)
Net Cash Provided (Used) by Operating Activities	<u>151,138</u>	<u>(826,961)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Livestock	(131,150)	-
Net Cash Used for Capital and Related Financing Activities	<u>(131,150)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Livestock	13,624	-
Interest and Dividends on Investments	261	14,667
Net Cash Provided from Investing Activities	<u>13,885</u>	<u>14,667</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,873	(812,294)
Cash and Cash Equivalents at Beginning of Year	19,846	2,516,304
Cash and Cash Equivalents at End of Year	<u>\$ 53,719</u>	<u>\$ 1,704,010</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 9,181	\$ (75,415)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	80,981	-
Pension Expense	2,703	-
Change in Assets and Liabilities:		
Increase in Receivables	(14,425)	(755,041)
Decrease in Inventories	-	3,092
Increase in Retains	(5,387)	-
Increase in Accounts Payable	1,997	1,820
Increase (Decrease) in Interfund Payables	76,088	(1,417)
Total Adjustments	<u>141,957</u>	<u>(751,546)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 151,138</u>	<u>\$ (826,961)</u>

The accompanying notes are an integral part of this statement.

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

	Agency Funds
ASSETS:	
Cash in County Treasury	\$ 560,714
Accounts Receivable	<u>17,197</u>
Total Assets	<u>577,911</u>
LIABILITIES:	
Accounts Payable	3,627
Due to Student Groups/Other Agencies	<u>574,284</u>
Total Liabilities	<u>577,911</u>
NET POSITION:	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

Tulare Joint Union High School District (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 the accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting Entity

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

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are, therefore, not available to support District programs, these funds are not included in the government-wide statements.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes.

The Bond Interest and Redemption Fund #1 is used to account for the accumulation of resources for, and repayment of the General Obligation Bond Series A, interest and related costs.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Non-Major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following special revenue funds are utilized by the District:

The Adult Education Fund is used to account separately for federal, state and local revenues that are restricted or committed for adult education programs and is used only for those expenditures as necessary for the operation of the District's adult education program.

The Cafeteria Fund is used to account separately for federal, state and local resources to operate the food service program and is to be used only for those expenditures as necessary for the operation of the District's food service program.

The Scholarship Trust Fund exists primarily to account separately for money received from gifts or bequests to be used for student scholarships. This is not a budgeted fund.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The following capital projects fund is utilized by the District:

The Capital Facilities Fund (Developer Fees) is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The following debt service fund is utilized by the District:

The Bond Interest and Redemption Fund #2 is used to account for the accumulation of resources for, and repayment of the General Obligation Bond Series B, interest and related costs.

In addition, the District reports the following proprietary funds:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The following enterprise fund is utilized by the District:

The School Farm Fund is used to account for the school farm's facility and activity.

Internal Service Funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The following internal service funds are utilized by the District:

The Warehouse Revolving Fund is used to maintain budget control and stock accounting of merchandise for a District's use and is reimbursed from various funds of the District for amounts consumed by these user funds.

The Self-Insurance Property/Liability Fund is used to account for District self-insured property and liability insurance benefits. The General Fund transfers the premiums for this coverage to the Self-Insurance Fund.

The Self-Insurance Health & Welfare Fund is used to account for District self-insured health, vision, dental and hearing benefits for its employees. The General Fund transfers the premiums for this coverage and health insurance to the Self-Insurance Fund.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The District reports the following fiduciary funds:

Agency Funds are used to account for assets held for others in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The following agency funds are utilized by the District:

Student Body Fund for the schools' student bodies

Tulare Area Schools Health JPA Fund (Warrant/Pass-through Fund)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Encumbrances

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and function and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at year end.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Deposits and Investments

Cash balances held in banks and in revolving funds are fully insured or collateralized. Cash and cash equivalents are considered to be 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.

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County pools these funds with those of other districts in the County and invests the cash. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Interest earned is deposited quarterly into the participating funds. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Information regarding the amount of dollars invested in derivatives with the Tulare County Treasury was not available for the year ended June 30, 2017.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The investments are measured on a recurring basis. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for an asset or liability.

Stores Inventories and Prepaid Expenditures

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

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land Improvements	8-25
Buildings	30-40
Vehicles	10
Office Furniture and Equipment	10
Computer Equipment	5
Livestock	5
Buses	9
Miscellaneous property not listed above	10

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities, when applicable. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position, when applicable. There were no interfund transfers for the year ended June 30, 2017.

Deferred Outflows and Deferred Inflows of Resources

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

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

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

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

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The entire compensated absence liability is reported on the government-wide statement of net position.

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 since 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.

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as stores inventories and revolving cash) or legally required to remain intact.

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board, the District's highest level of decision making authority. Formal board action must be taken on or before June 30th of each fiscal year. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. The committed amount subject to the constraint may be determined after June 30th. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted fund balances in that the constraints on their use do not come from outside parties, constitutional provisions or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

Spending Order Policy

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Minimum Fund Balance Policy

The District adopted a minimum fund balance policy to maintain assigned and unassigned fund balances at an amount the Board deems sufficient to maintain fiscal solvency and stability and to protect the District against unforeseen circumstances.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Net Position

Net position represents assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Property Taxes

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. Unsecured property taxes are payable in one installment on or before August 31. The counties of Tulare and Kings bill and collect the taxes for the District.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 California State Teachers' Retirement System (CalSTRS) Schools Pool Cost-Sharing Multiple-Employer Plan and California Public Employees' Retirement System (CalPERS) Schools Pool Cost-Sharing Multiple-Employer Plan and additions to/deductions from the CalSTRS and CalPERS Plans' fiduciary net positions have been determined on the same basis as they are reported by the CalSTRS Financial Office and CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

New Accounting Principles

The following is a summary of the upcoming GASB Statements that may have an impact on the District's future reporting:

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 2 - Compliance and Accountability

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

Deficit Fund Balance or Net Position of Individual Funds

Following are funds having deficit fund balances or net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

NOTE 3 - Cash and Investments

Cash in County Treasury

The District maintains substantially all of its cash in the Tulare County Treasury as part of the common investment pool. The District's cash in County Treasury was not subject to credit risk categorization and is carried at cost which approximates fair value. All pooled funds are regulated by California Government Code.

Cash on Hand, in Banks and in Revolving Fund

Cash balances on hand and in banks (\$8,926 as of June 30, 2017) and in the revolving fund (\$15,000) are fully insured or collateralized.

Analysis of Specific Deposits and Investments

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements, as follows:

Statement of Net Position:

Cash in County Treasury	\$ 41,038,442
Cash on Hand and in Banks	8,926
Cash in Revolving Fund	15,000
Investments	3,424,182
Fiduciary Funds:	
Cash in County Treasury	560,714
Total	<u>\$ 45,047,264</u>

Cash and investments as of June 30, 2017, consist of the following:

Cash in County Treasury	\$ 41,599,156
Deposits with Financial Institutions	23,926
Investments	3,424,182
Total	<u>\$ 45,047,264</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Investments Authorized by the District's Investment Policy

Education Code Section 41015 authorizes the investment of surplus moneys, not required for the immediate necessities of the District, in any of the investments specified in Section 16430 or 53601 of the Government Code. Additionally, a variety of operational bank accounts are authorized, including but not limited to: Scholarship Accounts, Clearing Accounts and Revolving Cash Accounts. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk and concentration of credit risk.

Disclosures Relating to 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.

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Fair Value Measurement</u>
Investment Contract	\$ 3,424,182	5/1/2019	Level 1 Inputs

Disclosures Relating to Credit Risk

Generally, 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 investment referenced above does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which is investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of total District investments. The investment referenced above is with AIG Sun America, and is an unrated investment that represents 100% of all investments of the District.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2017, of the District's bank balance, \$250,000 was insured, but \$344,653 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

NOTE 4 - Accounts Receivable

Accounts receivable as of June 30, 2017, consist of the following:

	General Fund	Other Governmental Funds	Internal Service Funds	Total Governmental	Enterprise Fund	Fiduciary Funds
Federal Government:						
Federal Programs	\$1,241,979	\$ 598,205	\$ -	\$1,840,184	\$ -	\$ -
State Government:						
Special Education	369,484	-	-	-	-	-
Categorical Programs	248,688	-	-	-	-	-
Lottery	122,512	-	-	-	-	-
Lottery - Instructional Materials	115,507	-	-	-	-	-
LCFF Sources	64,520	-	-	-	-	-
Child Nutrition Program	-	24,762	-	-	-	-
Total State Government	920,711	24,762	-	945,473	-	-
Other Local	151,591	237,668	767,156	1,156,415	14,601	17,197
Totals	<u>\$2,314,281</u>	<u>\$ 860,635</u>	<u>\$ 767,156</u>	<u>\$3,942,072</u>	<u>\$ 14,601</u>	<u>\$ 17,197</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 5 - Capital Assets

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

	Beginning Balances	Increases	Reclassifications/ Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 6,087,356	\$ -	\$ -	\$ 6,087,356
Work in progress	90,016	971,793	(297,264)	764,545
Total capital assets not being depreciated	6,177,372	971,793	(297,264)	6,851,901
Capital assets being depreciated:				
Land improvements	11,076,986	-	275,920	11,352,906
Buildings and Improvements	114,280,906	-	3,009	114,283,915
Equipment	7,108,780	1,339,227	(158,935)	8,289,072
Equipment under capital lease	244,552	197,262	(244,552)	197,262
Total capital assets being depreciated	132,711,224	1,536,489	(124,558)	134,123,155
Less accumulated depreciation for:				
Land improvements	(8,722,889)	(176,452)	-	(8,899,341)
Buildings and Improvements	(39,636,322)	(2,816,814)	-	(42,453,136)
Equipment	(5,403,505)	(441,286)	177,270	(5,667,521)
Equipment under capital lease	(122,276)	(122,276)	244,552	-
Total accumulated depreciation	(53,884,992)	(3,556,828)	421,822	(57,019,998)
Total capital assets being depreciated, net	78,826,232	(2,020,339)	297,264	77,103,157
Governmental activities capital assets, net	\$ 85,003,604	\$ (1,048,546)	\$ -	\$ 83,955,058
	Beginning Balances	Increases	Reclassifications/ Decreases	Ending Balances
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 951	\$ -	\$ -	\$ 951
Total capital assets not being depreciated	951	-	-	951
Capital assets being depreciated:				
Buildings and improvements	182,177	-	-	182,177
Equipment	53,165	-	-	53,165
Livestock	238,850	131,150	(46,800)	323,200
Total capital assets being depreciated	474,192	131,150	(46,800)	558,542
Less accumulated depreciation for:				
Buildings and improvements	(110,383)	(9,439)	-	(119,822)
Equipment	(37,666)	(5,316)	-	(42,982)
Livestock	(30,052)	(66,226)	26,665	(69,613)
Total accumulated depreciation	(178,101)	(80,981)	26,665	(232,417)
Total capital assets being depreciated, net	296,091	50,169	(20,135)	326,125
Business-type activities capital assets, net	\$ 297,042	\$ 50,169	\$ (20,135)	\$ 327,076

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Depreciation was charged to functions as follows:

Instruction	\$ 3,425,428
Pupil Services	32,059
Enterprise	80,981
General Administration	61,805
Plant Services	37,536
Total	<u>\$ 3,637,809</u>

NOTE 6 - Interfund Balances and Activities

Due To and From Other Funds

Balances due to and from other funds at June 30, 2017, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Enterprise Fund	\$ 76,088	Temporary Loan
Other Governmental Funds	General Fund	65,983	Correct transfer for Calworks
General Fund	Warehouse Revolving Fund	13,210	Temporary Loan
	Total	<u>\$ 155,281</u>	

All amounts due are scheduled to be repaid within one year.

NOTE 7 - Long-Term Debt Obligations

Long-Term Debt Obligation Summary

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>					
<u>General Obligation Bonds:</u>					
Current Interest	\$ 3,195,000	\$ -	\$ 3,195,000	\$ -	\$ -
Capital Appreciation	50,702,450	2,915,451	610,000	53,007,901	4,185,000
Bond Premiums	678,927	-	54,322	624,605	54,322
Capital Leases	9,048	197,262	27,205	179,105	37,316
Compensated Absences *	206,573	34,226	-	240,799	-
Total governmental activities	<u>\$ 54,791,998</u>	<u>\$ 3,146,939</u>	<u>\$ 3,886,527</u>	<u>\$ 54,052,410</u>	<u>\$ 4,276,638</u>

*Because of the nature of compensated absences and uncertainty over when vacations will be taken, a statement of debt service requirements to maturity has not been presented.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The funds typically used to liquidate long-term obligations in the past, are as follows:

Liability	Activity Type	Fund
General Obligation Bonds	Governmental	Bond Interest and Redemption Funds
Bond Premiums	Governmental	Bond Interest and Redemption Funds
Capital Leases	Governmental	General Fund
Compensated Absences	Governmental	General and Cafeteria Funds

General Obligation Bonds

In a bond election held March 2, 2004, the District received authorization to issue bonds for \$45,000,000 pursuant to the provisions Chapter 1, Division 1, Title 1 of the California Education Code. The bonds are general obligations of the District and the county is obligated to annually levy ad valorem taxes for the payment of the interest on, and the principal of the bonds. The bonds were issued in two separate offerings, General Obligation Bond Series A and General Obligation Bond Series B, as described below:

In 2004, General Obligation Bond Series A Current Interest Bonds were issued in the principal amount of \$15,535,000. The rate of interest ranges from 2% and 5%. Interest is payable semi-annually on February 1 and August 1, commencing August 1, 2004. The final maturity date is August 1, 2016. The bond proceeds were used for the new construction and additions to and modernization of school facilities for the District. The final payment of \$3,354,750, including interest of \$159,750, was paid on August 1, 2016.

In 2004, General Obligation Bond Series A Capital Appreciation Bonds were issued in the principal amount of \$19,461,178. These bonds shall not bear current interest. Each bond shall accrete in value daily over the term to its maturity, compounded semi-annually on each February 1 and August 1, commencing August 1, 2004. The final maturity date is August 1, 2028. The bond proceeds were used for the new construction and additions to and modernization of school facilities for the District.

In 2005, General Obligation Bond Series B Capital Appreciation Bonds were issued in the principal amount of \$6,949,634. These bonds shall not bear current interest. Each bond shall accrete in value daily over the term to its maturity, compounded semi-annually on each February 1 and August 1, commencing August 1, 2005. The final maturity date is August 1, 2029. The bond proceeds were used for the new construction and additions to and modernization of school facilities for the District.

In government-wide financial statements, premiums are amortized over the term of the related debt which is 24 years commencing in 2004 for Series A Bonds and 25 years commencing in 2005 for Series B Bonds. Amortization of bond premiums for the year ended June 30, 2017 was \$54,322. In fund financial statements, governmental fund types recognize premiums during the current period. Premiums, whether or not added to the actual proceeds, are reported as other financing sources.

The outstanding General Obligation Bond debt of the District as of June 30, 2017, is as follows:

Issue Date	Maturity Date	Interest Rate %	Original Issue	Bonds		Bonds	
				Outstanding July 1, 2016	Accreted/ Issued	Redeemed	Outstanding June 30, 2017
2004	08/2016	2.00-5.00	\$ 15,535,000	\$ 3,195,000	\$ -	\$ 3,195,000	\$ -
2004	08/2028	5.35-5.94	19,461,178	39,126,778	2,309,865	-	41,436,643
2005	08/2029	4.23-5.40	6,949,634	11,575,672	605,586	610,000	11,571,258
Premiums			1,324,660	678,927	-	54,322	624,605
Totals			<u>\$ 43,270,472</u>	<u>\$ 54,576,377</u>	<u>\$ 2,915,451</u>	<u>\$ 3,859,322</u>	<u>\$ 53,632,506</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The annual requirements to amortize General Obligation Bonds payable outstanding as of June 30, 2017, are as follows:

Capital Appreciation, 2004 Bonds, Series A

Year Ending June 30,	Accreted Value of Obligation	Unaccreted Interest	Total Final Maturity	Bond Premium
2018	\$ 3,525,000	\$ -	\$ 3,525,000	\$ 36,683
2019	3,539,693	200,307	3,740,000	36,683
2020	3,530,309	414,691	3,945,000	36,683
2021	3,518,684	646,316	4,165,000	36,683
2022	3,504,687	890,313	4,395,000	36,683
2023-2027	17,144,667	8,755,333	25,900,000	183,415
2028-2029	6,673,603	5,796,397	12,470,000	42,243
Totals	<u>\$ 41,436,643</u>	<u>\$ 16,703,357</u>	<u>\$ 58,140,000</u>	<u>\$ 409,073</u>

Capital Appreciation Bonds are accretive. Bond interest accumulates in the initial years and will be repaid in later years.

Capital Appreciation, 2004 Bonds, Series B

Year Ending June 30,	Accreted Value of Obligation	Unaccreted Interest	Total Final Maturity	Bond Premium
2018	\$ 660,000	\$ -	\$ 660,000	\$ 17,639
2019	636,902	33,098	670,000	17,639
2020	641,092	68,908	710,000	17,639
2021	637,350	107,650	745,000	17,639
2022	640,846	149,154	790,000	17,639
2023-2027	3,144,754	1,455,246	4,600,000	88,195
2028-2030	5,210,314	4,729,686	9,940,000	39,142
Totals	<u>\$ 11,571,258</u>	<u>\$ 6,543,742</u>	<u>\$ 18,115,000</u>	<u>\$ 215,532</u>

Capital Appreciation Bonds are accretive. Bond interest accumulates in the initial years and will be repaid in later years.

Total All Bonds

Year Ending June 30,	Principal	Interest	Total	Bond Premium
2018	\$ 4,185,000	\$ -	\$ 4,185,000	\$ 54,322
2019	4,176,595	233,405	4,410,000	54,322
2020	4,171,401	483,599	4,655,000	54,322
2021	4,156,034	753,966	4,910,000	54,322
2022	4,145,533	1,039,467	5,185,000	54,322
2023-2027	20,289,421	10,210,579	30,500,000	271,610
2028-2030	11,883,917	10,526,083	22,410,000	81,385
Totals	<u>\$ 53,007,901</u>	<u>\$ 23,247,099</u>	<u>\$ 76,255,000</u>	<u>\$ 624,605</u>

Capital Leases

In September 2011, the District entered into a capital lease with US Bank for copier equipment, valued in total at \$244,552. The agreement called for 60 monthly payments of \$4,549 including interest at 4.4% and provided for a \$1 buyout option at the end of the lease period. Amortization of leased equipment under capital assets is included with depreciation expense. The District received no sublease rental revenues nor pay any contingent rentals associated with this lease. The final payments totaling \$9,098, including interest of \$50, were paid by September 2016.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

In November 2016, the District entered into a capital lease purchase agreement with US Bank for copier equipment, valued in total at \$197,262. The agreement calls for 60 monthly payments of \$3,600 including interest at 3.63%. Amortization of leased equipment under capital assets is included with depreciation expense. The District will receive no sublease rental revenues nor pay any contingent rentals associated with this lease.

Future commitments for capital lease payments as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 37,316	\$ 5,884	\$ 43,200
2019	38,693	4,507	43,200
2020	40,121	3,079	43,200
2021	41,602	1,598	43,200
2022	21,373	227	21,600
Totals	<u>\$ 179,105</u>	<u>\$ 15,295</u>	<u>\$ 194,400</u>

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total	Premium
2018	\$ 4,222,316	\$ 5,884	\$ 4,228,200	\$ 54,322
2019	4,215,288	237,912	4,453,200	54,322
2020	4,211,522	486,678	4,698,200	54,322
2021	4,197,636	755,564	4,953,200	54,322
2022	4,166,906	1,039,694	5,206,600	54,322
2023-2027	20,289,421	10,210,579	30,500,000	271,610
2028-2030	11,883,917	10,526,083	22,410,000	81,385
Totals	<u>\$ 53,187,006</u>	<u>\$ 23,262,394</u>	<u>\$ 76,449,400</u>	<u>\$ 624,605</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 8 - Fund Balances and Restricted Net Position

Fund balances at June 30, 2017, are as follows:

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund #1	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Revolving Cash	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Stores Inventories	16,613	-	-	26,425	43,038
Total Nonspendable	31,613	-	-	26,425	58,038
Restricted:					
Capital Projects	3,424,182	4,866,194	-	-	8,290,376
California Clean Energy					
Jobs Act	918,319	-	-	-	918,319
RDA Pass Through	678,136	-	-	-	678,136
College Readiness Block Grant	521,536	-	-	-	521,536
Lottery - Instructional Materials	372,092	-	-	-	372,092
Educator Effectiveness	127,592	-	-	-	127,592
Medi-Cal Billing Option	68,390	-	-	-	68,390
Other Educational Purposes	14,931	-	-	-	14,931
Debt Service	-	-	9,431,614	1,709,109	11,140,723
Developer Fees	-	-	-	2,393,098	2,393,098
Adult Education Block Grant	-	-	-	814,725	814,725
Scholarships	-	-	-	528,885	528,885
Child Nutrition	-	-	-	468,404	468,404
Total Restricted	6,125,178	4,866,194	9,431,614	5,914,221	26,337,207
Assigned:					
Adult Education	-	-	-	160	160
Unassigned:					
Other Unassigned	13,308,509	-	-	-	13,308,509
Total Fund Balances	\$ 19,465,300	\$ 4,866,194	\$ 9,431,614	\$ 5,940,806	\$ 39,703,914

The government-wide statement of net position reports \$28,832,549 of restricted net position, which is not restricted by enabling legislation.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 9 - Participation In Public Entity Risk Pools and Joint Powers Authorities

The Tulare Joint Union High School District participates in three public entity risk pools under joint powers agreements (JPAs); Central Tulare County School Districts Liability/Property Joint Powers Authority (C.T.C.S.J.P.A.), Self-Insured Schools of California III (S.I.S.C. III), and Tulare County Schools Insurance Group (T.C.S.I.G.). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

The JPAs were established as agencies under the provisions of California Government Code, Title I, Division 7, Chapter 5, Article 1, Section 6500, et. seq. The purpose of each JPA is to provide self-insurance programs as follows:

C.T.C.S.J.P.A. provides \$200,000 for liability and \$150,000 for property Self-Insured Retention (SIR) for claims against the participating public educational agency JPA members. These claims are paid through the JPA loss fund.

S.I.S.C. III provides the services necessary and appropriate for the establishment, operation and maintenance of a medical Self-Insurance Fund that provides for payment of medical, dental, vision and prescription claims of the member public educational agency employees and their covered dependents and to minimize the total cost of annual medical insurance of their respective member organizations.

T.C.S.I.G. is an insurance purchasing pool for workers' compensation insurance.

Membership in the JPAs consists of various public educational agencies.

The JPAs are governed by boards consisting of representatives from the member public educational agencies and related associations. The boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by member public educational agencies beyond their representation on the board. Each member public educational agency pays a premium based on student population, or number of covered individuals. Surpluses remain in each fund or JPA, while deficits are covered by assessments on the member districts in proportion to their participation in each JPA.

During the last three fiscal (claims) years none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

NOTE 10 – Pension Plans

Plan Descriptions

Qualified employees are covered under multiple-employer, cost-sharing defined benefit pension plans administered by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (STRP), a plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the Public Employees' Retirement Fund, School Employer Pool (PERF B) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. The benefit terms of the CalSTRS and CalPERS plans may be amended through legislation and Public Employers' Retirement Law, respectively. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites, <http://www.calstrs.com/member-publications> and <http://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalSTRS - STRP

CalSTRS - STRP provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the plan provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members. STRP has two benefit formulas. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years 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. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. An early retirement option is available at age 55. The normal retirement benefit is equal to 2% of final compensation for each year of credited service.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CalPERS - PERF B

CalPERS – PERF B provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Monthly benefits are based on three factors: Service credit, benefit factor and final compensation. Service credit is based on years of credited service, equal to one year of full time employment. The benefit factor which is a percentage of pay to which the member is entitled for each year of service, is determined by their age at retirement and the retirement formula based on their membership date with each employer. There are two school retirement formulas: 2% at age 55 for those hired prior to January 1, 2013 with benefit factors ranging from 1.1% - 2.5% with retirement ages of 50-62; 2% at age 62 for those hired after January 1, 2013 with benefit factors ranging from 1% - 2.5% with retirement ages of 52-67. Final compensation is the highest average pay rate and special compensation during any consecutive one-year or three-year period. Which compensation period is used, depends on the members' retirement formula. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit and the 1959 Survivor Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The plans' provisions and benefits in effect at June 30, 2017 are summarized as follows:

	CalSTRS		CalPERS	
	On or Before	On or After	On or Before	On or After
Hire Date	December 31, 2012	January 1, 2013	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-60	55-62	50-62	52-67
Monthly benefits, as a % of eligible compensation	2.0% - 2.4%	2.0% - 2.4% *	1.1% - 2.5%	1.0% - 2.5% *
Required Employee Contribution Rates	10.25%	9.205%	7.00%	6.00%
Required Employer Contribution Rates	12.58%	12.58%	13.888%	13.888%
Required State Contribution Rates	8.57825% **	8.57825% **	-	-

* Amounts are limited to 120% of the Social Security Wage Base in effect at January 1, 2013 and is adjusted each fiscal year based on the Consumer Price Index.

** 8.828% reduced by \$72 million appropriation required by Education Code Section 229549(c).

Contributions

CalSTRS - STRP

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Employers and members are required to contribute monthly to the system a percentage of the creditable compensation. Rates are defined in Section 22950.5 through the measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specifically to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the contributions to the pension plan from the District were \$3,609,820.

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. The State contributed 8.57825% of salaries creditable to CalSTRS for the year ended 2014-15. The amount contributed by the State on behalf of the District was \$1,616,721 and is reported as both revenue and an expenditure in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue and expense is recognized for the State's on behalf contributions on an accrual basis of \$2,371,272. These on behalf payments meet the criteria of a special funding situation.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CalPERS - PERF B

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS' Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' periodic actuarial valuation process or by state statute. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented on the previous page. The District pays 4.5% of the employee portion for all employees hired prior to January 1, 2013 per the bargaining agreement. The contributions to the pension plan from the District were \$1,442,316, of which \$1,146,273 was the employer portion.

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

At June 30, 2017, the District reported net pension liabilities for its proportionate share of the net pension liabilities that reflected a reduction for state support provided to the District. The amount recognized by the District as its proportionate share of the net pension liabilities, the related state support, and the total portion of the net pension liabilities that was associated with the District were as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
District's proportionate share of the net pension liability	\$ 43,086,447	\$ 11,830,287
State's proportionate share of the net pension liability associated with the District	<u>24,531,955</u>	<u>-</u>
Total net pension liability	<u>\$ 67,618,402</u>	<u>\$ 11,830,287</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liabilities was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating school districts and the State, actuarially determined. A comparison of the District's proportionate share at June 30, 2016 to its proportionate share at June 30, 2015 is as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
Proportionate share at June 30, 2016	0.05327%	0.05990%
Proportionate share at June 30, 2015	<u>0.05156%</u>	<u>0.06080%</u>
Change - increase (decrease)	<u>0.00171%</u>	<u>-0.00090%</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, the District recognized pension expense of \$6,078,418 and revenue of \$2,371,272 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 508,816	\$ 1,051,044
Changes in assumptions	-	355,429
Net difference between projected and actual earnings on pension plan investments	5,261,032	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,862,513	11,396
District contributions subsequent to the measurement date	4,756,093	-
Total	<u>\$ 12,388,454</u>	<u>\$ 1,417,869</u>

\$4,756,093 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense, as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2018	\$ 559,688
2019	552,702
2020	2,985,008
2021	1,895,017
2022	131,351
Thereafter	90,726
Total	<u>\$ 6,214,492</u>

Actuarial Assumptions

	<u>CalSTRS</u>	<u>CalPERS</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost Method for both CalSTRS & CalPERS	
Actuarial Assumptions:		
Discount Rate	7.60%	7.65%
Inflation Rate	3.00%	2.75%
Payroll Growth	3.75%	3.00%
Salary Increases	Varies by Entry Age and Service for both CalSTRS & CalPERS	
Experience Study	7/1/2006-6/30/2010	7/1/1996-6/30/2011
Investment Rate of Return	7.60% (1)	7.50%
Post Retirement Benefit Increase	2.00% Simple for DB maintain 85% Purchasing Power Level for DB not applicable for DBS/CBB	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment expenses, including inflation

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 20 years of mortality improvements using Society of Actuaries, Scale BB.

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, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plans. 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.

CalSTRS 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 2012 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 geometric real rates of return and the assumed asset allocation for each major asset class are summarized in the table below.

CalPERS utilized historical returns of all the Plan's asset classes to determine the expected compounded (geometric) returns over the short-term (first 10 years) and the long-term (11-60 years) using the building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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 on the previous page and rounded down to the nearest one quarter of one percent. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

The tables below reflect long-term expected real rate of return by asset class, as follows:

Asset Class	CalSTRS		CalPERS		
	Assumed Asset Allocation	Long-term *	Assumed Asset Allocation	Real (1)	Real (2)
		Expected Real Rate of Return		Return Years 1-10	Return Years 11+
Global Equity	47%	6.30%	51%	5.25%	5.71%
Fixed Income/Global Debt Securities	12%	0.30%	20%	0.99%	2.43%
Private Equity	13%	9.30%	10%	6.83%	6.95%
Real Estate	13%	5.20%	10%	4.50%	5.13%
Inflation Sensitive Assets	4%	3.80%	6%	0.45%	3.36%
Infrastructure & Forestland	0%	0.00%	2%	4.50%	5.09%
Cash/Liquidity	2%	-1.00%	1%	-0.55%	-1.05%
Absolute Return/Risk Mitigating Strategies	9%	2.90%	0%	0.00%	0.00%

* 20-year geometric average

(1) An expected inflation of 2.50% used for this period

(2) An expected inflation of 3.00% used for this period

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Discount Rate

The discount rates used to measure the total pension liabilities for CalSTRS and CalPERS were 7.6% and 7.65%, respectively. The CalSTRS 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.6%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS – STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return, gross of administrative expenses was applied to all periods of projected benefit payments to determine the CalSTRS – STRP’s net pension liability. CalPERS’ projection of the expected benefits 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 CalPERS – PERF B Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on the CalPERS’ website.

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

The following represents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.60%	6.65%
Net Pension Liability	\$ 62,011,110	\$ 17,650,854
Current Discount Rate	7.60%	7.65%
Net Pension Liability	\$ 43,086,447	\$ 11,830,287
1% Increase	8.60%	8.65%
Net Pension Liability	\$ 27,368,716	\$ 6,983,519

Summary of Changes of Benefits or Assumptions

There were no changes to benefit terms or plan provisions that applied to members of CalSTRS or CalPERS.

CalSTRS

There were no changes in actuarial methods or assumptions used for the June 30, 2016 measurement date. There were no changes that materially impacted the June 30, 2015 actuarial valuation outside of the usual year-to-year asset, liability and payroll experience.

CalPERS

There were no changes in actuarial methods or assumptions used for the June 30, 2016 measurement date. There were no changes that materially impacted the June 30, 2015 actuarial valuation outside of the usual year-to-year asset, liability and payroll experience.

Pension Plan Fiduciary Net Position

The plans’ fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports on their respective websites.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 11 - Postemployment Benefits Other Than Pension Benefits

Plan Description

The District provides a self-funded, single employer, defined benefit healthcare plan administered by Tulare Joint Union High School District to provide medical, prescription drug, and dental coverage for all eligible active and retired District employees and their spouses. The program is intended to offer a comprehensive coverage of most medical, prescription drugs and dental benefits. The benefit terms of the plan may be amended by the District. As established by board policy, the plan covers all employees hired prior to July 1, 2014 who retire from the District on or after attaining age 55 with at least 15 years of continuous service. Benefits are paid for all eligible certificated, classified and management employees for a maximum of five years. The District is a member in a joint powers agreement (JPA), the Self-Insured Schools of California (S.I.S.C. III) as described in Note 9, to provide this health coverage.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The District funds the benefits on a pay-as-you-go basis. The District's annual contributions are capped at \$15,037 for eligible certificated retirees, \$16,858 for eligible classified retirees, and range from \$15,140 to \$16,915 for eligible management and confidential retirees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the retiree health plan:

Annual required contribution (ARC)	\$ 1,470,677
Interest on prior year net OPEB obligation	71,853
Adjustment to annual required contribution	<u>(103,882)</u>
Annual OPEB cost	1,438,648
Employer contributions	<u>(923,271)</u>
Increase in net OPEB obligation	515,377
Beginning net OPEB obligation	<u>1,796,320</u>
Ending net OPEB obligation	<u><u>\$ 2,311,697</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and prior years, are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2015	\$ 1,461,313	79.1%	\$ 1,454,013
6/30/2016	\$ 1,444,752	76.3%	\$ 1,796,320
6/30/2017	\$ 1,438,648	64.2%	\$ 2,311,697

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the retiree health plan, was as follows:

Actuarial accrued liability (AAL)	\$ 11,506,734
Actuarial value of plan assets	-
	<hr/>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,506,734</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Annual covered payroll (active plan members)	\$ 29,983,347
UAAL as a percentage of annual covered payroll	38.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2015 actuarial valuation, the projected unit credit cost method was used to measure accruing costs. The actuarial assumptions were based on a standard set of assumptions used for similar situations, modified as appropriate for the District. Turnover rates were taken from a standard actuarial table, T-5, without adjustment. The assumptions include a 4% return on assets, a 4% discount rate and a medical cost trend rate of 8%. The unfunded actuarial accrued liability (UAAL) is being amortized using an open 30 year amortization period and the level dollar amount method. The remaining amortization period at June 30, 2017, was 30 years.

NOTE 12 - Supplemental Defined Contribution Plan

Plan Description

The District has provided, effective July 1, 2014, a defined contribution plan (Plan) with Phase II Systems, dba Public Agency Retirement Services (PARS). The Plan is administered by U.S. Bank National Association. The defined contribution plan is available to all full-time, defined as 20 or more hours per week, certificated or certificated management employees hired on or after July 1, 2014 and all full-time, defined as six or more hours per day, classified, classified management, or confidential employees hired on or after July 1, 2014. Each employee shall be 100% vested in his or her employer contribution account upon attainment of at least age 55, completion of at least 15 years of service, and concurrent retirement from CalSTRS or CalPERS. If the employee does not meet the above vesting requirements, the account shall be forfeited. The benefit terms of the plan may be amended by the District. At the discretion of the District any amount forfeited shall be utilized to offset future District contributions or to pay plan administrative fees.

Funding Policy

For each plan year that the an employee completes a year of service under the Plan, the District shall make a contribution to the Plan in the amount of \$3,000 annually for the employee's first 20 years of service with the District. No employee contributions shall be permitted under this Plan until such time, if any, the District amends the Plan to provide employee contributions. Benefit terms, including contribution requirements for the Plan, are established and may be amended by the Board of Trustees. The District recognized a net pension expense of \$294,000 at June 30, 2017. Pension expense is net of \$15,000 in forfeitures for the year ended June 30, 2017.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 13 - Commitments and Contingencies

State and Federal Allowances, Awards and Grants

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

NOTE 14 – Prior Period Adjustment

An adjustment to prior year net position within the Statement of Activities and to prior year fund balance in the Bond Interest & Redemption Fund #1 within the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds in the amount of \$83,884 represents an overstatement of cash in county treasury at June 30, 2016.

The General Fund and Special Reserve Fund for Capital Outlay prior period adjustment of \$3,184,158 within the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, is the result of reclassifying an investment from the Special Reserve Fund for Capital Outlay to the General Fund at June 30, 2016.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 38,174,280	\$ 37,840,221	\$ 37,881,837	\$ 41,616
Education Protection Account Funds	7,805,645	7,844,757	7,841,844	(2,913)
Local Sources	8,517,619	10,202,497	10,202,493	(4)
Federal Revenue	3,323,662	3,419,315	3,283,796	(135,519)
Other State Revenue	3,135,252	5,549,939	5,084,054	(465,885)
Other Local Revenue	2,220,739	2,437,690	2,562,209	124,519
Total Revenues	<u>63,177,197</u>	<u>67,294,419</u>	<u>66,856,233</u>	<u>(438,186)</u>
Expenditures:				
Current:				
Certificated Salaries	28,023,153	28,382,002	27,810,567	571,435
Classified Salaries	8,061,940	8,900,285	8,834,572	65,713
Employee Benefits	15,848,855	16,367,715	16,354,792	12,923
Books And Supplies	4,022,140	4,646,604	3,492,744	1,153,860
Services And Other Operating Expenditures	5,439,913	5,827,350	5,729,611	97,739
Other Outgo	856,570	883,032	877,400	5,632
Direct Support/Indirect Costs	(102,000)	(134,490)	(129,627)	(4,863)
Capital Outlay	930,000	1,257,412	1,182,333	75,079
Debt Service:				
Principal	55,000	51,439	27,205	24,234
Interest	-	3,561	3,561	-
Total Expenditures	<u>63,135,571</u>	<u>66,184,910</u>	<u>64,183,158</u>	<u>2,001,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,626</u>	<u>1,109,509</u>	<u>2,673,075</u>	<u>1,563,566</u>
Other Financing Sources (Uses):				
Transfers Out	(934,000)	-	-	-
Other Sources	-	197,262	197,262	-
Total Other Financing Sources (Uses)	<u>(934,000)</u>	<u>197,262</u>	<u>197,262</u>	<u>-</u>
Net Change in Fund Balance	(892,374)	1,306,771	2,870,337	1,563,566
Fund Balance, July 1	13,410,805	13,410,805	13,410,805	-
Prior Period Adjustment	3,184,158	3,184,158	3,184,158	-
Fund Balance, June 30	<u>\$ 15,702,589</u>	<u>\$ 17,901,734</u>	<u>\$ 19,465,300</u>	<u>\$ 1,563,566</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ -	\$ 8,442,585	\$ 8,442,585	-	\$28,338,001	29.8%
7/1/2013	\$ -	\$ 11,579,447	\$11,579,447	-	\$30,742,780	37.7%
7/1/2015	\$ -	\$ 11,506,734	\$11,506,734	-	\$29,983,347	38.4%

TULARE JOINT UNION HIGH SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM AND
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS***

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total Proportionate Share of the Net Pension Liability	Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
California State Teachers' Retirement System:							
6/30/2014	0.05024%	\$ 29,355,225	\$ 17,726,131	\$ 47,081,356	\$22,372,291	131.21%	76.52%
6/30/2015	0.05156%	\$ 34,706,398	\$ 18,355,811	\$ 53,062,209	\$24,074,234	144.16%	74.02%
6/30/2016	0.05327%	\$ 43,086,447	\$ 24,531,955	\$ 67,618,402	\$26,535,489	162.37%	70.04%
California Public Employees' Retirement System:							
6/30/2014	0.05858%	\$ 6,649,917	\$ -	\$ 6,649,917	\$ 6,194,302	107.36%	83.38%
6/30/2015	0.60800%	\$ 8,961,982	\$ -	\$ 8,961,982	\$ 6,715,912	133.44%	79.43%
6/30/2016	0.05990%	\$ 11,830,287	\$ -	\$ 11,830,287	\$ 7,178,442	164.80%	73.90%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only three years are presented because ten year data is not yet available.

Notes to the Schedule**Change in Assumptions**

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase (1)	Experience Study	Investment Rate of Return
California State Teachers' Retirement System:						
6/30/2014	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2015	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2016	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
California Public Employees' Retirement System:						
6/30/2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2015	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2016	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%

- (1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses; includes inflation
(3) Excludes reduction of pension plan administrative expenses

Effective with the June 30, 2014 actuarial valuation, CalPERS no longer uses an actuarial value of assets and employs an amortization and smoothing policy that spreads rate increases or decreases over a five year period, and amortizes all experience gains and losses over a fixed 30 year period.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM AND
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

EXHIBIT B-4

<u>Fiscal Year End</u>	<u>Statutorily Required Contribution</u>	<u>Contribution in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
California State Teachers' Retirement System:					
6/30/2015	\$ 2,137,792	\$ 2,137,792	\$ -	\$ 24,074,234	8.88%
6/30/2016	\$ 2,847,258	\$ 2,847,258	\$ -	\$ 26,535,489	10.73%
6/30/2017	\$ 3,609,820	\$ 3,609,820	\$ -	\$ 28,694,911	12.58%
California Public Employees' Retirement System:					
6/30/2015	\$ 790,530	\$ 790,530	\$ -	\$ 6,715,912	11.771%
6/30/2016	\$ 850,430	\$ 850,430	\$ -	\$ 7,178,442	11.847%
6/30/2017	\$ 1,146,273	\$ 1,146,273	\$ -	\$ 8,253,694	13.888%

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only three years are presented because ten year data is not yet available.

Notes to the Schedule

Change in Assumptions

<u>Measurement Date</u>	<u>Discount Rate</u>	<u>Inflation</u>	<u>Payroll Growth</u>	<u>Projected Salary Increase (1)</u>	<u>Experience Study</u>	<u>Investment Rate of Return</u>
California State Teachers' Retirement System:						
6/30/2014	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2015	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
6/30/2016	7.60%	3.00%	3.75%	Varies	7/1/2006-6/30/2010	7.60% (2)
California Public Employees' Retirement System:						
6/30/2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2015	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2016	7.65%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses; includes inflation
- (3) Excludes reduction of pension plan administrative expenses

Effective with the June 30, 2014 actuarial valuation, CalPERS no longer uses an actuarial value of assets and employs an amortization and smoothing policy that spreads rate increases or decreases over a five year period, and amortizes all experience gains and losses over a fixed 30 year period.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption Fund #2	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 933,243	\$ 1,709,109	\$ 2,395,366	\$ 5,037,718
Cash on Hand and in Banks	6,602	-	-	6,602
Accounts Receivable	860,635	-	-	860,635
Due from Other Funds	65,983	-	-	65,983
Stores Inventories	26,425	-	-	26,425
Total Assets	<u>\$ 1,892,888</u>	<u>\$ 1,709,109</u>	<u>\$ 2,395,366</u>	<u>\$ 5,997,363</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 54,289	\$ -	\$ 2,268	\$ 56,557
Total Liabilities	<u>54,289</u>	<u>-</u>	<u>2,268</u>	<u>56,557</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	26,425	-	-	26,425
Restricted Fund Balances	1,812,014	1,709,109	2,393,098	5,914,221
Assigned Fund Balances	160	-	-	160
Total Fund Balance	<u>1,838,599</u>	<u>1,709,109</u>	<u>2,393,098</u>	<u>5,940,806</u>
Total Liabilities and Fund Balances	<u>\$ 1,892,888</u>	<u>\$ 1,709,109</u>	<u>\$ 2,395,366</u>	<u>\$ 5,997,363</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption Fund #2	Capital Projects Fund Capital Facilities Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 2,553,623	\$ -	\$ -	\$ 2,553,623
Other State Revenue	3,129,921	5,201	-	3,135,122
Other Local Revenue	<u>1,082,251</u>	<u>692,970</u>	<u>887,751</u>	<u>2,662,972</u>
Total Revenues	<u>6,765,795</u>	<u>698,171</u>	<u>887,751</u>	<u>8,351,717</u>
Expenditures:				
Current:				
Instruction	2,217,166	-	-	2,217,166
Instruction - Related Services	832,765	-	-	832,765
Pupil Services	2,815,969	-	-	2,815,969
Ancillary Services	68,648	-	-	68,648
General Administration	129,627	-	-	129,627
Plant Services	340,240	-	29,174	369,414
Capital Outlay	18,334	-	-	18,334
Debt Service:				
Principal	-	610,000	-	610,000
Total Expenditures	<u>6,422,749</u>	<u>610,000</u>	<u>29,174</u>	<u>7,061,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>343,046</u>	<u>88,171</u>	<u>858,577</u>	<u>1,289,794</u>
Net Change in Fund Balance	343,046	88,171	858,577	1,289,794
Fund Balance, July 1	<u>1,495,553</u>	<u>1,620,938</u>	<u>1,534,521</u>	<u>4,651,012</u>
Fund Balance, June 30	<u>\$ 1,838,599</u>	<u>\$ 1,709,109</u>	<u>\$ 2,393,098</u>	<u>\$ 5,940,806</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Adult Education Fund	Cafeteria Fund	Scholarship Trust Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 307,030	\$ 97,328	\$ 528,885	\$ 933,243
Cash on Hand and in Banks	160	6,442	-	6,602
Accounts Receivable	484,752	375,883	-	860,635
Due from Other Funds	65,983	-	-	65,983
Stores Inventories	-	26,425	-	26,425
Total Assets	<u>\$ 857,925</u>	<u>\$ 506,078</u>	<u>\$ 528,885</u>	<u>\$ 1,892,888</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 43,040	\$ 11,249	\$ -	\$ 54,289
Total Liabilities	<u>43,040</u>	<u>11,249</u>	<u>-</u>	<u>54,289</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	-	26,425	-	26,425
Restricted Fund Balances	814,725	468,404	528,885	1,812,014
Assigned Fund Balances	160	-	-	160
Total Fund Balance	<u>814,885</u>	<u>494,829</u>	<u>528,885</u>	<u>1,838,599</u>
Total Liabilities and Fund Balances	<u>\$ 857,925</u>	<u>\$ 506,078</u>	<u>\$ 528,885</u>	<u>\$ 1,892,888</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Adult Education Fund	Cafeteria Fund	Scholarship Trust Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Federal Revenue	\$ 328,820	\$ 2,224,803	\$ -	\$ 2,553,623
Other State Revenue	2,958,454	171,467	-	3,129,921
Other Local Revenue	505,288	480,141	96,822	1,082,251
Total Revenues	<u>3,792,562</u>	<u>2,876,411</u>	<u>96,822</u>	<u>6,765,795</u>
Expenditures:				
Current:				
Instruction	2,217,166	-	-	2,217,166
Instruction - Related Services	832,765	-	-	832,765
Pupil Services	163,629	2,652,340	-	2,815,969
Ancillary Services	-	-	68,648	68,648
General Administration	-	129,627	-	129,627
Plant Services	325,408	14,832	-	340,240
Capital Outlay	-	18,334	-	18,334
Total Expenditures	<u>3,538,968</u>	<u>2,815,133</u>	<u>68,648</u>	<u>6,422,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>253,594</u>	<u>61,278</u>	<u>28,174</u>	<u>343,046</u>
Net Change in Fund Balance	253,594	61,278	28,174	343,046
Fund Balance, July 1	561,291	433,551	500,711	1,495,553
Fund Balance, June 30	<u>\$ 814,885</u>	<u>\$ 494,829</u>	<u>\$ 528,885</u>	<u>\$ 1,838,599</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2017

	Warehouse Revolving Fund	Self-Insurance Property/ Liability Fund	Self Insurance Health & Welfare Fund	Total Internal Service Funds (See Exhibit A-7)
ASSETS:				
Current Assets:				
Cash in County Treasury	\$ 114	\$ 222,894	\$ 1,481,002	\$ 1,704,010
Accounts Receivable	406	-	766,750	767,156
Store Inventories	100,323	-	-	100,323
Total Current Assets	<u>100,843</u>	<u>222,894</u>	<u>2,247,752</u>	<u>2,571,489</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	-	1,889	-	1,889
Due to Other Funds	13,210	-	-	13,210
Total Current Liabilities	<u>13,210</u>	<u>1,889</u>	<u>-</u>	<u>15,099</u>
NET POSITION:				
Restricted for Insurance	-	221,005	2,247,752	2,468,757
Unrestricted	87,633	-	-	87,633
Total Net Position	<u>\$ 87,633</u>	<u>\$ 221,005</u>	<u>\$ 2,247,752</u>	<u>\$ 2,556,390</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Warehouse Revolving Fund	Self-Insurance Property/ Liability Fund	Self Insurance Health & Welfare Fund	Total Internal Service Funds (See Exhibit A-8)
Operating Revenues:				
Local Revenue	\$ 106,731	\$ 19,115	\$ 8,935,936	\$ 9,061,782
Total Revenues	<u>106,731</u>	<u>19,115</u>	<u>8,935,936</u>	<u>9,061,782</u>
Operating Expenses:				
Books and Supplies	119,389	9,599	-	128,988
Services and Other Operating Expenses	-	40,012	8,968,197	9,008,209
Total Expenses	<u>119,389</u>	<u>49,611</u>	<u>8,968,197</u>	<u>9,137,197</u>
Operating Loss	<u>(12,658)</u>	<u>(30,496)</u>	<u>(32,261)</u>	<u>(75,415)</u>
Nonoperating Revenues:				
Interest Income	196	3,055	11,416	14,667
Total Nonoperating Revenues	<u>196</u>	<u>3,055</u>	<u>11,416</u>	<u>14,667</u>
Loss before Contributions and Transfers	<u>(12,462)</u>	<u>(27,441)</u>	<u>(20,845)</u>	<u>(60,748)</u>
Change in Net Position	(12,462)	(27,441)	(20,845)	(60,748)
Total Net Position - Beginning	100,095	248,446	2,268,597	2,617,138
Total Net Position - Ending	<u>\$ 87,633</u>	<u>\$ 221,005</u>	<u>\$ 2,247,752</u>	<u>\$ 2,556,390</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2017

	Warrant/ Pass-through Fund	Student Body Fund	Total Agency Funds (See Exhibit A-10)
ASSETS:			
Cash in County Treasury	\$ 8	\$ 560,706	\$ 560,714
Accounts Receivable	-	17,197	17,197
Total Assets	<u>8</u>	<u>577,903</u>	<u>577,911</u>
LIABILITIES:			
Accounts Payable	-	3,627	3,627
Due to Student Groups/Other Agencies	8	574,276	574,284
Total Liabilities	<u>8</u>	<u>577,903</u>	<u>577,911</u>
NET POSITION:			
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2017

TABLE D-1

Tulare Joint Union High School District was established on September 1, 1981. There were no changes in the boundaries of the District during the current year. The District consists of three high schools, one continuation high school, one independent study charter high school, one classroom-based charter high school, one adult school and one community day school.

Governing Board		
Name	Office	Term and Term Expiration
Craig Hamilton	President	Four year term expires 12/2018
Kelley Nicholson	Vice President	Four year term expires 12/2018
Laura Fonseca	Clerk	Four year term expires 12/2018
Cathy Mederos	Member	Four year term expires 12/2020
Frank Fernandes	Member	Four year term expires 12/2020

Administration		
Name	Office	Tenure
Sarah Koligian, Ed.D.	Superintendent	Six years
Antonio Rodriguez	Associate Superintendent - Educational Services	Ten years
Barbara Orisio	Assistant Superintendent - Human Resources & Business	One year
Lucy Van Scyoc, Ed.D.	Assistant Superintendent - Technology, Assessment, and Accountability	Two years
Vivian Hamilton	Business Manager	Twenty-five years

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
JUNE 30, 2017

TABLE D-2

Tulare Joint Union High School District

	Second Period Report	Annual Report
Grades 9-12:		
Regular ADA	4,928.46	4,901.32
Extended Year Special Education	6.53	6.53
Community Day School	20.90	19.79
Grades 9-12 Totals	4,955.89	4,927.64
ADA Totals	4,955.89	4,927.64

Charter Schools:

Sierra Vista Charter High School

	Second Period Report	Annual Report
Grades 9-12:		
Regular ADA - Non-Classroom Based	117.15	114.14
ADA Totals	117.15	114.14

Accelerated Charter High School

	Second Period Report	Annual Report
Grades 9-12:		
Regular ADA - Classroom Based	132.01	128.87
ADA Totals	132.01	128.87
Charter Schools Totals	249.16	243.01

Average daily attendance is a measurement of the number of pupils attending classes of the District or Charter School. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Footnote for the Schedule of Average Daily Attendance

Accelerated Charter High School offered only classroom-based instruction for the year ended June 30, 2017.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2017

TABLE D-3

Grade Level	Minutes Requirement	2016-17 Actual Minutes	Number of Days Traditional Calendar	Status
Tulare Joint Union High School District				
Grade 9	64,800	65,055	180	Complied
Grade 10	64,800	65,055	180	Complied
Grade 11	64,800	65,055	180	Complied
Grade 12	64,800	65,055	180	Complied
Accelerated Charter High School				
Grade 9	64,800	64,850	180	Complied
Grade 10	64,800	64,850	180	Complied
Grade 11	64,800	64,850	180	Complied
Grade 12	64,800	64,850	180	Complied

School districts must maintain their instructional minutes as defined in Education Code Section 46201(b), while charter schools instructional minutes are defined in Education Code Section 47612.5(a)(1). This schedule is required of all districts and charter schools, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of the instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District did not meet its LCFF target funding.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2017

TABLE D-4

General Fund	Budget 2018 (see note 1)	2017	2016	2015
Revenues and other financial sources	\$ 66,174,557	\$ 67,053,495	\$ 64,226,966	\$ 55,342,643
Expenditures	68,668,498	64,183,158	56,729,002	55,246,848
Other uses and transfers out	300,000	-	4,934,000	1,600,000
Total outgo	68,968,498	64,183,158	61,663,002	56,846,848
Change in fund balance (deficit)	(2,793,941)	2,870,337	2,563,964	(1,504,205)
Ending fund balance	<u>\$ 16,671,359</u>	<u>\$ 19,465,300</u>	<u>\$ 13,410,805</u>	<u>\$ 10,847,883</u>
Available reserves (see note 2)	<u>\$ 10,642,542</u>	<u>\$ 13,308,509</u>	<u>\$ 10,907,590</u>	<u>\$ 8,341,480</u>
Available reserves as a percentage of total outgo (see note 3)	<u>15.4%</u>	<u>20.7%</u>	<u>18.1%</u>	<u>15.0%</u>
Total long-term debt (see note 4)	<u>\$106,952,091</u>	<u>\$ 111,228,729</u>	<u>\$100,256,696</u>	<u>\$ 93,011,176</u>
Average daily attendance at P-2	<u>5,296</u>	<u>5,205</u>	<u>5,091</u>	<u>4,988</u>

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.

The General Fund balance has increased by \$8,617,417 (79.44%) over the past two years. The fiscal year 2017-18 budget projects a decrease of \$2,793,941 (14.35%). For a district of this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses (total outgo).

The District has enjoyed operating surpluses for two of the past three years but projects a deficit during the 2017-18 fiscal year. Total long-term debt has increased by \$18,217,553 over the past two years as a result of implementing GASB Statement No. 68.

Average daily attendance has increased by 217 over the past two years. An increase of 91 ADA is anticipated during the fiscal year 2017-18.

NOTES:

- (1) Budget 2018 is included for analytical purposes only and has not been subjected to audit.
- (2) Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- (3) On behalf payments have been excluded from the calculation of available reserves as a percentage of total outgo for the year ended June 30, 2015.
- (4) Long-term debt includes net pension liability and OPEB obligation.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

TABLE D-5

	<u>Enterprise Fund</u> <u>School Farm</u> <u>Fund</u>
June 30, 2017, annual financial and budget report fund balance	\$ 234,522
Adjustments and reclassifications:	
Increasing the fund balance:	
Capital assets understatement	84,350
Deferred outflows of resources - pensions understatement	13,780
Deferred inflows of resources - pensions overstatement	5,243
Net pension liability understatement	<u>(21,726)</u>
Net adjustments and reclassifications	<u>81,647</u>
June 30, 2017, audited financial statement fund balance	<u>\$ 316,169</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2017

TABLE D-6

The following charter schools are chartered by Tulare Joint Union High School District.

<u>Charter Schools</u>	<u>Included in Audit?</u>
Sierra Vista Charter High School	Yes
Accelerated Charter High School	Yes

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

TABLE D-7

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through California Department of Education:			
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	\$ 706,863
Child Nutrition: School Programs (School Lunch)	10.555	13524	1,371,756
Food Commodities	10.555	13524	165,370
Total CFDA 10.555			1,537,126
Total Child Nutrition Cluster			2,243,989
Child Nutrition: Child and Adult Care Food Program (Cash Advance)	10.558	13666	57,458
Child Nutrition: NSLP Equipment Assistance Grants	10.579	14906	12,127
Total Passed Through California Department of Education			2,313,574
Total U.S. Department of Agriculture			2,313,574
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Tulare County Office of Education:			
ESEA(ESSA): Title I, Migrant Ed Summer Program	84.011	10005	21,825
ESEA(ESSA): Title I, Part C, Migrant Ed (Regular and Summer)	84.011	14326	98,695
Total CFDA 84.011			120,520
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	744,523
School Climate Transformation Grant - Local Education Agency	84.184G	N/A	178,499
Total Passed Through Tulare County Office of Education			1,043,542
Passed Through California Department of Education:			
Adult Ed: Adult Secondary Education	84.002	13978	201,849
Adult Ed: English Literacy & Civics Education	84.002A	14109	26,328
Adult Ed: Adult Basic Education & ELA	84.002A	14508	100,643
Total CFDA 84.002			328,820
ESEA(ESSA): Title I, Part A, Basic Grants Low Income & Neglected	84.010	14329	1,652,228
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	21,576
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	194,373
Total CFDA 84.048			215,949
ESEA(ESSA): Title III, Immigrant Education Program	84.365	15146	6,058
ESEA(ESSA): Title III, English Learner Student Program	84.365	14346	58,729
Total CFDA 84.365			64,787
ESEA(ESSA): Title II, Part A, Teacher Quality	84.367	14341	180,448
Total Passed Through California Department of Education			2,442,232
Total U.S. Department of Education			3,485,774
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through California Department of Education:			
Medi-Cal Billing Option	93.778	N/A	69,079
Medi-Cal Billing Option	93.778	10013	59,572
Total CFDA 93.778			128,651
Total Passed Through California Department of Education			128,651
Total U.S. Department of Health and Human Services			128,651
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$5,927,999

The accompanying notes are an integral part of this schedule.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tulare Joint Union High School 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Note 2 - De Minimis Cost Rate

The District did not elect to use the 10% de minimis cost rate.

Note 3 - Subrecipients

Of the federal expenditures presented in the Schedule, the District had no subrecipients that were provided federal awards.

Other Independent Auditors' Reports



M. Green and Company LLP

Tulare
Visalia
Dinuba
Lindsay
Hanford

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 3330 • Visalia, California 93278-3330 • Telephone (559) 627-3900 • FAX (559) 625-1606
E-mail: visalia@mgreencpas.com • Web Site: www.mgreencpas.com

**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

Board of Trustees
Tulare Joint Union High School District
426 North Blackstone
Tulare, California 93274

Members of the Board of Trustees:

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, the business-type activities, each major fund, and the aggregate remaining fund information of Tulare Joint Union High School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Tulare Joint Union High School District's basic financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tulare Joint 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 Tulare Joint Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tulare Joint 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tulare Joint 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*.

We noted certain matters that we reported to management of Tulare Joint Union High School District in a separate letter dated December 8, 2017.

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.



Visalia, California
December 8, 2017



M. Green and Company LLP

Tulare
Visalia
Dinuba
Lindsay
Hanford

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 3330 • Visalia, California 93278-3330 • Telephone (559) 627-3900 • FAX (559) 625-1606
E-mail: visalia@mgreencpas.com • Web Site: www.mgreencpas.com

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Trustees
Tulare Joint Union High School District
426 North Blackstone
Tulare, California 93274

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Tulare Joint 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 Tulare Joint Union High School District's major federal program for the year ended June 30, 2017. Tulare Joint Union High School District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Tulare Joint Union High School District's major federal program 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 Tulare Joint 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 the major federal program. However, our audit does not provide a legal determination of Tulare Joint Union High School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Tulare Joint 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 its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Tulare Joint 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 Tulare Joint Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Tulare Joint 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.



Visalia, California
December 8, 2017



M. Green and Company LLP

Tulare
Visalia
Dinuba
Lindsay
Hanford

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 3330 • Visalia, California 93278-3330 • Telephone (559) 627-3900 • FAX (559) 625-1606
E-mail: visalia@mgreencpas.com • Web Site: www.mgreencpas.com

Independent Auditors' Report on State Compliance

Board of Trustees
Tulare Joint Union High School District
426 North Blackstone
Tulare, California 93274

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the 2016-17 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2017.

Management's Responsibility for State Compliance

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, 2016-17 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 State's audit guide, 2016-17 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Compliance Requirements	Procedures in Audit Guide Performed
-------------------------	-------------------------------------------

LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:

Attendance Accounting:

Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	N/A
Independent Study	N/A
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes

Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	N/A

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION AND CHARTER SCHOOLS:

Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
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	N/A
Immunizations	N/A

CHARTER SCHOOLS:

Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Tulare Joint Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of 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 outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

M Green and Company LLP

Visalia, California
December 8, 2017

Findings and Recommendations Section

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? Yes X No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESEA(ESSA): Title I, Part A, Basic Grants Low Income & Neglected

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditors' report issued on compliance for state programs: Unmodified

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE



M. Green and Company LLP

Tulare
Visalia
Dinuba
Lindsay
Hanford

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 3330 • Visalia, California 93278-3330 • Telephone (559) 627-3900 • FAX (559) 625-1606
E-mail: visalia@mgreencpas.com • Web Site: www.mgreencpas.com

Letter to Management

Board of Trustees
Tulare Joint Union High School District
426 N. Blackstone
Tulare, California 93274

Dear Members of the Board of Trustees:

We have completed our audit of Tulare Joint Union High School District for the year ended June 30, 2017. The following items came to our attention which we are providing for your consideration:

Depreciation Schedule

During our review of capital assets, we noted that the District is currently using Microsoft Excel to maintain the schedule and calculate depreciation. To aid in the process of maintaining and updating the depreciation schedule, we recommend the District to consider investing in a depreciation software package to track capital assets. Such software will assist in keeping the depreciation accurate.

Cash Clearing

During our review of the cash clearing bank statement and reconciliation we noted that the account had not been cleared out to a zero balance at year end. We recommend the District bring the cash clearing accounts to a zero balance at year end to ensure activity in the account is recorded on the general ledger. Additionally, we recommend a second person review and initial the bank reconciliations to ensure accuracy.

Other Postemployment Benefits

A new actuarial valuation for Other Postemployment Benefits must be completed for the 2017-18 financial statements in accordance with GASB Statement No. 75. We recommend the District contact their actuary and obtain a new actuarial valuation for the 2017-18 fiscal year to be in compliance with GASB Statement No. 75, which became effective July 1, 2017.

Prior Year Issue

Depreciation Schedule: During our review of capital assets, we noted that the District was using Microsoft Excel to maintain the schedule and calculate depreciation. To aid in the process of maintaining and updating the depreciation schedule, we recommended the District to consider investing in a depreciation software package to track capital assets. Such software will assist in keeping the depreciation accurate. This issue was not resolved. Our recommendation has been repeated in the current year.

We would like to thank management and all of the office personnel for the excellent cooperation we received during our audit. We look forward to working with you again in 2018 and beyond.

Very truly yours,

M. GREEN AND COMPANY LLP
Certified Public Accountants

December 8, 2017

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

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>2016-001</p> <p>There was insufficient documentation of revenue for one of the five student body fundraisers tested. Adequate documents were not kept to track potential revenue. In addition, the revenue recap forms were not being turned in to the District office in a timely manner in order to allow for timely reconciliations of all student body fundraisers. We recommended the District keep detailed fundraiser documentation that substantiates each type of revenue raised and deposited in any given fundraiser. Documentation should have included detailed information of cost of sales and quantity and sales price of any items sold. When applicable, inventory should have been accounted for in each fundraising project. Additionally, we recommended each school site submit the recap forms in a timelier manner in order to allow for a final reconciliation of revenue to deposits be done timelier as well.</p>	Implemented	
<p>2016-002</p> <p>One of the seven student written agreements tested was not signed prior to receiving attendance. The master agreement was not signed by all parties, the parent in particular, until 14 school days after attendance was first recorded. P-2 Attendance Report was overstated by 0.10 ADA. Annual Attendance Report was overstated by 0.08 ADA. Component differences were as follows: P-2 Attendance Report: Regular ADA - Non-classroom Based Grades 9-12: ADA per report = 149.38. ADA per audit = 149.28. Annual Attendance Report: Regular ADA - Non-classroom Based Grades 9-12: ADA per report = 150.33. ADA per audit = 150.25. We recommended the District review all independent study agreements to ensure all elements were properly completed and that all signatures exist before recording attendance for students.</p>	Implemented	