

**TULARE JOINT UNION HIGH
SCHOOL DISTRICT
COUNTY OF TULARE
TULARE, CALIFORNIA
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019

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Management's Discussion and Analysis

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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, 2019. 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, 2019

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.

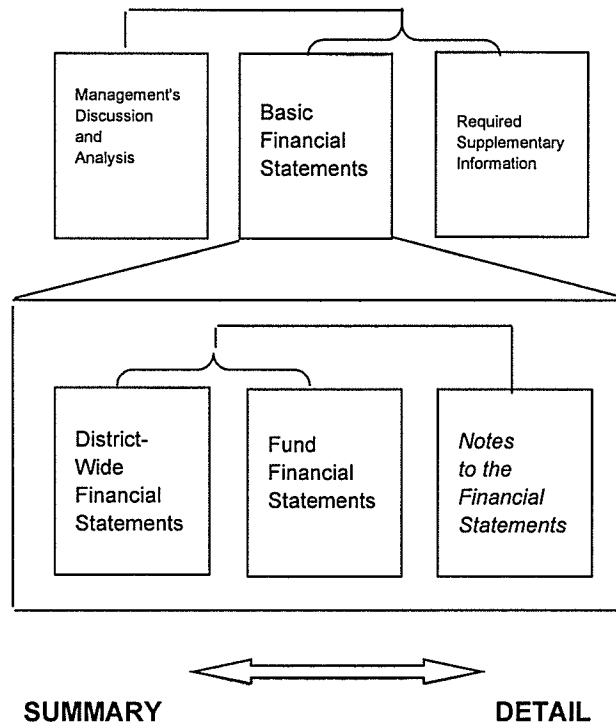
TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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 \$12.7 million at June 30, 2019.
- Overall revenues were \$95.09 million, up just over 14% from the prior year. Revenues for the current year were \$1.8 million more than basic expenses.
- The total cost of basic expenses increased 7% in the current year, when compared to prior year's expenses. This is compared to the 6% increase in basic expenses occurring last year.
- Enrollment increased this year following an increase in the prior year. Enrollment, based on CalPADS, was 77 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 decreased by 8% in the current year, after increasing by 20% the year before. Property tax revenues have increased by 3%. 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, 2019

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, 2019

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, 2019 was \$12.75 million compared to the net position at June 30, 2018, which was \$10.95 million. Of this amount, \$13.57 million was restricted compared to \$28.88 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
	2019	2018	2019-2018	2019	2018	2019-2018
Assets:						
Current and other assets	\$ 47.76	\$ 46.72	2.23%	\$ 0.13	\$ (0.02)	-750.00%
Capital Assets	86.82	83.23	4.31%	0.28	0.27	3.70%
Total Assets	134.58	129.95	3.56%	0.41	0.25	64.00%
Deferred Outflows of Resources:						
Deferred Outflows of Resources -						
Pensions	20.74	20.21	2.62%	-	-	0.00%
OPEB	0.97	0.95	2.11%	-	-	0.00%
Total Deferred Outflows	21.71	21.16	2.60%	-	-	0.00%
Liabilities:						
Current Liabilities	5.93	5.26	12.74%	0.02	0.02	0.00%
Net Pension Liability	68.51	64.76	5.79%	-	-	0.00%
Other Postemployment Benefit Liability	15.44	15.72	-1.78%	-	-	0.00%
Long-Term Liabilities	50.92	52.64	-3.27%	-	-	0.00%
Total Liabilities	140.80	138.38	1.75%	0.02	0.02	0.00%
Deferred Inflows of Resources:						
Deferred Inflows of Resources -						
Pensions	3.14	2.00	57.00%	-	-	0.00%
Net Position:						
Invested in Capital Assets, net of Related Debt	65.48	30.84	112.32%	0.28	0.27	3.70%
Restricted	13.57	28.88	-53.01%	-	-	0.00%
Unrestricted	(66.69)	(48.99)	36.13%	0.11	(0.04)	-375.00%
Total Net Position	\$ 12.36	\$ 10.73	15.19%	\$ 0.39	\$ 0.23	69.57%

The (\$66.69) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The amount of (\$66.69) million is a higher deficit this year compared to (\$48.99) 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, 2019

Changes in net position. The District's total revenues for governmental activities were \$94.63 million for the fiscal year ended June 30, 2019 (See Table 2). Property taxes and State aid accounted for most of the District's revenue, with both contributing about 67 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 \$92.80 million. The majority of the District's expenses, 60%, 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 surplus of \$1.63 million.

The amount that our taxpayers ultimately financed for these activities through local taxes was \$2.8 million because the cost was paid by those who benefited from the programs (\$1.4 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$18.7 million). We paid for the remaining "public benefit" portion of our governmental activities with \$6.7 million in taxes, \$63.2 million in state funds, and with other revenues, like interest and general entitlements.

Table 2

Changes in Net Position

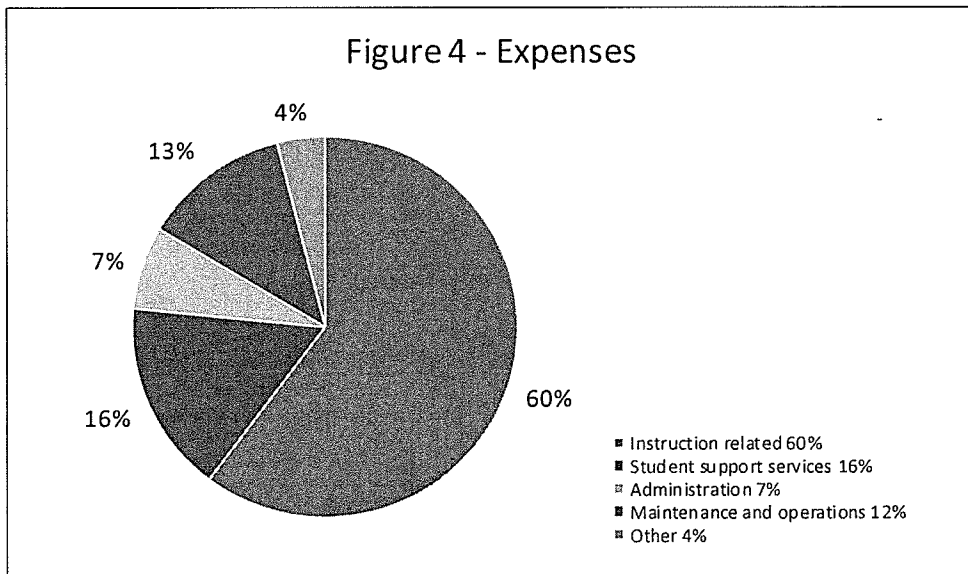
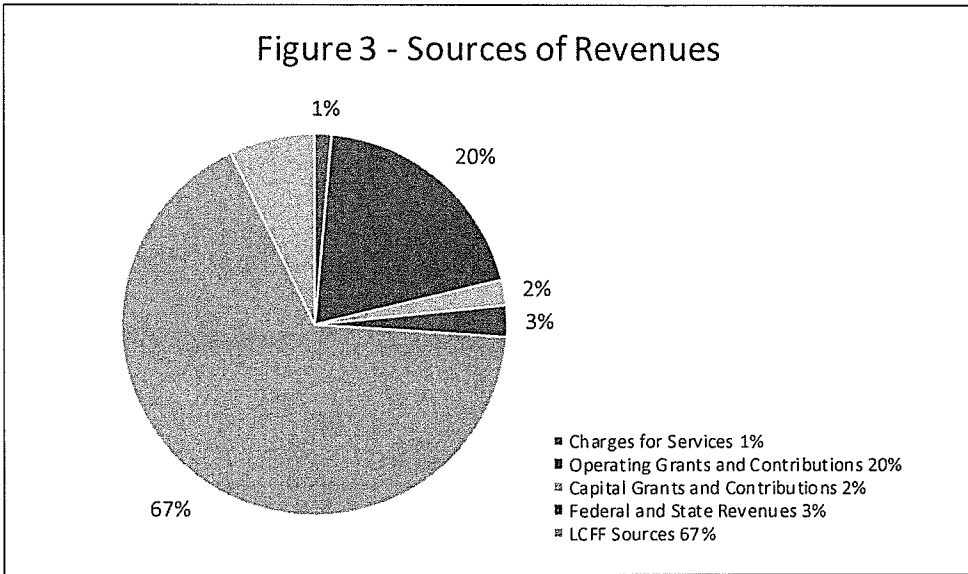
Amounts in millions	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2019	2018	2019-2018	2019	2018	2019-2018
Revenues:						
Program Revenues:						
Charges for services	\$ 1.36	\$ 1.37	-0.73%	\$ 0.41	\$ 0.35	17.14%
Operating grants and contributions	18.72	14.82	26.32%	0.01	0.03	-66.67%
Capital grants and contributions	2.04	-	100.00%	-	-	0.00%
General revenues:						
LCFF Sources	63.23	58.21	8.62%	-	-	0.00%
Federal and State revenues	2.55	2.26	12.83%	-	-	0.00%
Local revenues	6.73	6.56	2.59%	0.10	0.06	66.67%
Loss on disposal of assets	-	-	0.00%	(0.06)	(0.07)	-14.29%
Total Revenues	94.63	83.22	13.71%	0.46	0.37	24.32%
Expenses:						
Instruction and instruction related	55.90	51.80	7.92%	-	-	0.00%
Student support services	15.16	14.10	7.52%	-	-	0.00%
Administration	6.51	6.21	4.83%	-	-	0.00%
Plant services	11.50	10.32	11.43%	-	-	0.00%
Other	3.72	3.80	-2.11%	0.50	0.50	0.00%
Total Expenses	92.79	86.23	7.61%	0.50	0.50	0.00%
Excess (Deficiency)	1.84	(3.01)	161.13%	(0.04)	(0.13)	69.23%
Transfers	(0.21)	(0.06)	-250.00%	0.21	0.06	250.00%
Prior Period Adjustment	-	(12.14)	100.00%	-	0.03	-100.00%
Changes in Net Position	\$ 1.63	\$ (15.21)	110.72%	\$ 0.17	\$ (0.04)	525.00%

The District originally projected a deficit of \$0.33 million (see Budgetary Comparison Statement Schedule for the General Fund). The General Fund revenues were \$7.9 million more than originally expected and expenditures and transfers out were \$9.2 million more than projected. This increased the deficit to \$1.6 million by year end.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019



TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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 Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2019	2018	2019-2018	2019	2018	2019-2018
Instruction	\$ 55.90	\$ 51.80	7.92%	\$ (40.66)	\$ (41.92)	-3.01%
Pupil Services	15.16	14.10	7.52%	(10.98)	(10.45)	5.07%
General Administration	6.51	6.21	4.83%	(5.88)	(5.93)	-0.84%
Plant Services	11.50	10.32	11.43%	(10.02)	(8.89)	12.71%
Other	3.72	3.80	-2.11%	(3.14)	(2.85)	10.18%
TOTAL	\$ 92.79	\$ 86.23	7.61%	\$ (70.68)	\$ (70.04)	0.91%

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, 2019

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 \$38.8 million, which is an increase of \$0.1 million from last year.

The primary reasons for this increase are:

- a. The General Fund decreased by \$1.6 million due to transfers out to the Special Reserve Fund for Capital Outlay.
- b. The Special Reserve Fund for Capital Outlay increased by \$0.2 million due to transfers from the General Fund and construction projects from the Facilities Master Plan.
- c. The Bond Interest & Redemption Fund #1 increased by \$0.4 million due to increased property tax collections.
- d. The Other Governmental Funds increased by \$1.1 million due to better than expected developer fee collections in the Capital Facilities Fund, and reimbursement from the State for the 8-classroom wing expansion at Mission Oak High School that was completed in 2014.

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 August 15, 2019. 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 54. There were a number of areas where the District experienced significant variances between the original budget and the final budget: LCFF Sources, Federal Revenues, Other State Revenues, Certificated Salaries, Classified Salaries, Employee Benefits, Books and Supplies, Services and Other Operating Expenditures, Direct Support/Indirect Costs and Capital Outlay. LCFF Sources budget increased due to better than expected ADA.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had invested \$150.08 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase of \$7 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
	2019	2018	2019-2018	2019	2018	2019-2018
	Land	\$ 6.09	\$ 6.09	0.00%	\$ -	\$ -
Buildings and improvements	70.21	73.19	-4.07%	0.04	0.05	-20.00%
Equipment	2.94	3.08	-4.55%	-	0.01	-100.00%
Work in Progress	7.59	0.87	772.41%	-	-	0.00%
Livestock	-	-	0.00%	0.24	0.21	14.29%
NET CAPITAL ASSETS	\$ 86.83	\$ 83.23	4.33%	\$ 0.28	\$ 0.27	3.70%

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 6 to the financial statements.

Long-Term Debt

At the end of the year, the District had \$50.9 million in long-term debt outstanding versus \$52.6 million last year, a decrease of 3.2%. 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
	2019	2018	2019-2018	2019	2018	2019-2018
	General obligation bonds	\$ 50.56	\$ 52.25	-3.23%	\$ -	\$ -
Capital lease	0.10	0.14	-28.57%	-	-	-
Compensated absences	0.26	0.25	4.00%	-	-	-
Totals	\$ 50.92	\$ 52.64	-3.27%	\$ -	\$ -	-

We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

TULARE JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District budget for the 2019-2020 year, the District Board and management are faced with 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 by COLA only as the LCFF is fully funded.
3. The percentage of unduplicated eligible students will remain at the same level as 2018-2019.
4. As of the date of the financial statements, the District has experienced growth of 64 student enrollment compared to 2018-2019.
5. Interest earnings will decrease due to stagnant interest rates and budgeted deficit spending.
6. Developer fee collections will be similar to 2018-2019.
7. Federal revenues will remain at 2018-2019 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 future years. The Local Control Funding Formula (LCFF) implementation gap has now been closed, and we are now at our targeted 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 2025-2026 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	25:1	5,696

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
Lindsay
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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Trustees
Tulare Joint Union High School District

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, 2019, 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, 2019, 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 Tulare Joint Union High School District's proportionate share of the net pension liability, schedule of Tulare Joint Union High School District's pension contributions and schedule of changes in the total OPEB liability and related ratios on pages 1–11 and 54–57 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, *2018-19 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 58 through 66 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 16, 2019, 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. J. Green and Company, CPAs

Visalia, California
December 16, 2019

Basic Financial Statements

TULARE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash in County Treasury	\$ 42,772,374	\$ 59,125	\$ 42,831,499
Cash on Hand and in Banks	10,026	-	10,026
Cash in Revolving Fund	15,000	-	15,000
Accounts Receivable	4,806,132	17,385	4,823,517
Internal Balances	1,632	(1,632)	-
Stores Inventories	156,603	-	156,603
Other Current Assets	-	57,216	57,216
Capital Assets:			
Land	6,087,356	951	6,088,307
Land Improvements, Net	3,745,645	-	3,745,645
Buildings, Net	66,460,734	44,097	66,504,831
Equipment, Net	2,935,094	1,151	2,936,245
Livestock, Net	-	237,749	237,749
Work in Progress	7,590,078	-	7,590,078
Total Assets	<u>134,580,674</u>	<u>416,042</u>	<u>134,996,716</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources - Pensions	20,740,922	-	20,740,922
Deferred Outflows of Resources - OPEB	966,272	-	966,272
Total Deferred Outflows of Resources	<u>21,707,194</u>	<u>-</u>	<u>21,707,194</u>
LIABILITIES:			
Accounts Payable	5,354,367	21,536	5,375,903
Unearned Revenue	576,933	-	576,933
Noncurrent Liabilities:			
Net Pension Liability	68,506,639	-	68,506,639
Total Other Postemployment Benefit Liability	15,436,841	-	15,436,841
Due within one year	4,749,443	-	4,749,443
Due in more than one year	46,170,057	-	46,170,057
Total Liabilities	<u>140,794,280</u>	<u>21,536</u>	<u>140,815,816</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources - Pensions	2,540,687	-	2,540,687
Deferred Inflows of Resources - OPEB	597,536	-	597,536
Total Deferred Inflows of Resources	<u>3,138,223</u>	<u>-</u>	<u>3,138,223</u>
NET POSITION:			
Net Investment in Capital Assets	65,480,278	283,948	65,764,226
Restricted For:			
Capital Projects	7,722,168	-	7,722,168
Scholarships	623,455	-	623,455
Legally Restricted Programs	1,713,534	-	1,713,534
Specific Programs	623,196	-	623,196
Insurance	2,891,837	-	2,891,837
Unrestricted	(66,699,103)	110,558	(66,588,545)
Total Net Position	<u>\$ 12,355,365</u>	<u>\$ 394,506</u>	<u>\$ 12,749,871</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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Instruction	\$ 46,602,850	\$ 321,520	\$ 10,775,076	\$ 2,041,319
Instruction-Related Services	9,296,992	56,638	2,044,160	-
Pupil Services	12,882,806	93,410	3,949,147	-
Ancillary Services	2,274,497	-	132,670	-
Enterprise	10,531	-	-	-
General Administration	6,499,176	-	633,699	-
Plant Services	11,503,871	542,132	941,091	-
Other Outgo	944,753	341,943	240,822	-
Interest on Long-Term Obligations	2,779,993	-	-	-
Total Governmental Activities	<u>92,795,469</u>	<u>1,355,643</u>	<u>18,716,665</u>	<u>2,041,319</u>
Business-type Activities:				
Enterprising Activities	499,364	413,118	5,311	-
Total Business-type Activities	<u>499,364</u>	<u>413,118</u>	<u>5,311</u>	<u>-</u>
Total Primary Government	<u>\$ 93,294,833</u>	<u>\$ 1,768,761</u>	<u>\$ 18,721,976</u>	<u>\$ 2,041,319</u>

General Revenues:
 LCFF Sources
 Federal Revenues
 State Revenues
 Local Revenues
 Loss on Disposal of Assets
 Transfers
 Total General Revenues and Transfers
 Change in Net Position
 Net Position - Beginning
 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>
\$ (33,464,935)		\$ (33,464,935)
(7,196,194)		(7,196,194)
(8,840,249)		(8,840,249)
(2,141,827)		(2,141,827)
(10,531)		(10,531)
(5,865,477)		(5,865,477)
(10,020,648)		(10,020,648)
(361,988)		(361,988)
(2,779,993)		(2,779,993)
<u>(70,681,842)</u>		<u>(70,681,842)</u>
-	\$ (80,935)	(80,935)
-	(80,935)	(80,935)
<u>(70,681,842)</u>	<u>(80,935)</u>	<u>(70,762,777)</u>
63,236,296	-	63,236,296
2,046	-	2,046
2,544,026	-	2,544,026
6,735,898	100,715	6,836,613
-	(59,937)	(59,937)
(210,000)	210,000	-
<u>72,308,266</u>	<u>250,778</u>	<u>72,559,044</u>
1,626,424	169,843	1,796,267
10,728,941	224,663	10,953,604
<u>\$ 12,355,365</u>	<u>\$ 394,506</u>	<u>\$ 12,749,871</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Special Reserve Fund for Capital Outlay
ASSETS:		
Cash in County Treasury	\$ 16,623,566	\$ 4,825,115
Cash on Hand and in Banks	2,324	-
Cash in Revolving Fund	15,000	-
Accounts Receivable	3,703,150	-
Due from Other Funds	780,265	-
Stores Inventories	-	-
Total Assets	<u>\$ 21,124,305</u>	<u>\$ 4,825,115</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 3,792,718	\$ 1,344,841
Due to Other Funds	-	-
Unearned Revenue	576,933	-
Total Liabilities	<u>4,369,651</u>	<u>1,344,841</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	15,000	-
Stores Inventories	-	-
Restricted Fund Balances	1,713,534	3,399,749
Assigned Fund Balances	-	80,525
Unassigned:		
Other Unassigned	15,026,120	-
Total Fund Balance	<u>16,754,654</u>	<u>3,480,274</u>
Total Liabilities and Fund Balances	<u>\$ 21,124,305</u>	<u>\$ 4,825,115</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
\$ 10,920,579	\$ 7,603,722	\$ 39,972,982
-	7,702	10,026
-	-	15,000
-	997,807	4,700,957
-	-	780,265
-	38,822	38,822
<u>\$ 10,920,579</u>	<u>\$ 8,648,053</u>	<u>\$ 45,518,052</u>
\$ -	\$ 214,558	\$ 5,352,117
-	750,450	750,450
-	-	576,933
<u>-</u>	<u>965,008</u>	<u>6,679,500</u>
-	-	15,000
-	38,822	38,822
10,920,579	7,644,223	23,678,085
-	-	80,525
-	-	15,026,120
<u>10,920,579</u>	<u>7,683,045</u>	<u>38,838,552</u>
<u>\$ 10,920,579</u>	<u>\$ 8,648,053</u>	<u>\$ 45,518,052</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds balance sheet \$ 38,838,552

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	150,080,692
Accumulated depreciation	(63,261,786)

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	20,740,922
Deferred outflows of resources related to OPEB	966,272

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 and accreted interest	(50,043,047)
Capital lease	(103,097)
Compensated absences	(257,395)
Net pension liability	(68,506,639)
Total other postemployment benefit liability	(15,436,841)
Deferred inflows of resources related to pensions	(2,540,687)
Deferred inflows of resources related to OPEB	(597,536)
Premiums are amortized over the life of the debt	(515,961)

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

2,991,916

Net position of governmental activities - Statement of Net Position \$ 12,355,365

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, 2019

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay</u>
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 41,508,405	\$ -
Education Protection Account Funds	10,088,441	-
Local Sources	11,639,450	-
Federal Revenue	3,836,204	-
Other State Revenue	8,785,865	-
Other Local Revenue	3,114,846	113,087
Total Revenues	<u>78,973,211</u>	<u>113,087</u>
Expenditures:		
Current:		
Instruction	39,505,258	-
Instruction - Related Services	7,788,686	-
Pupil Services	8,598,023	-
Ancillary Services	2,084,931	-
General Administration	5,883,371	-
Plant Services	10,206,373	73,208
Other Outgo	944,753	-
Capital Outlay	297,584	6,846,734
Debt Service:		
Principal	38,693	-
Interest	4,507	-
Total Expenditures	<u>75,352,179</u>	<u>6,919,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,621,032</u>	<u>(6,806,855)</u>
Other Financing Sources (Uses):		
Transfers In	-	7,034,671
Transfers Out	(5,210,000)	-
Total Other Financing Sources (Uses)	<u>(5,210,000)</u>	<u>7,034,671</u>
Net Change in Fund Balance	(1,588,968)	227,816
Fund Balance, July 1	18,343,622	3,252,458
Fund Balance, June 30	<u>\$ 16,754,654</u>	<u>\$ 3,480,274</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
\$ -	\$ -	\$ 41,508,405
-	-	10,088,441
-	-	11,639,450
-	2,650,337	6,486,541
26,867	5,412,791	14,225,523
4,122,881	2,702,855	10,053,669
<u>4,149,748</u>	<u>10,765,983</u>	<u>94,002,029</u>
-	2,369,414	41,874,672
-	933,994	8,722,680
-	3,092,983	11,691,006
-	121,362	2,206,293
-	-	5,883,371
-	411,360	10,690,941
-	-	944,753
-	-	7,144,318
3,740,000	670,000	4,448,693
-	-	4,507
<u>3,740,000</u>	<u>7,599,113</u>	<u>93,611,234</u>
<u>409,748</u>	<u>3,166,870</u>	<u>390,795</u>
-	-	7,034,671
-	(2,034,671)	(7,244,671)
-	(2,034,671)	(210,000)
409,748	1,132,199	180,795
10,510,831	6,550,846	38,657,757
<u>\$ 10,920,579</u>	<u>\$ 7,683,045</u>	<u>\$ 38,838,552</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, 2019

Net change in fund balances - total governmental funds	\$ 180,795
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	7,160,374
Depreciation expense	(3,554,187)
Adjustments in capital assets	(13,770)
Certain expenditures in the funds are not reported as expenses in the SOA:	
Repayment of bonds payable and accreted interest	4,410,000
Repayment of capital lease	38,693
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	(2,775,486)
Compensated absences	(5,521)
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
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.	
	(3,759,921)
The net change in the total other postemployment benefit liability, deferred outflows and deferred inflows are reported as OPEB expense in the SOA. OPEB contributions are reported as expenditures in the funds.	
	(300,223)
The net revenue (expense) of internal service funds is reported with governmental	
	<u>191,348</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,626,424</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, 2019

	School Farm Fund	Internal Service Funds
	<u> </u>	<u> </u>
ASSETS:		
Current Assets:		
Cash in County Treasury	\$ 59,125	\$ 2,799,393
Accounts Receivable	17,385	105,175
Store Inventories	-	117,781
Other Current Assets	57,216	-
Total Current Assets	<u>133,726</u>	<u>3,022,349</u>
Noncurrent Assets:		
Fixed Assets-		
Land	951	-
Buildings and Improvements	182,177	-
Accumulated Depreciation - Buildings and Improvements	(138,080)	-
Equipment	53,165	-
Accumulated Depreciation - Equipment	(52,014)	-
Livestock	287,500	-
Accumulated Depreciation - Livestock	(49,751)	-
Total Noncurrent Assets	<u>283,948</u>	<u>-</u>
Total Assets	<u>417,674</u>	<u>3,022,349</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	21,536	2,250
Due to Other Funds	1,632	28,183
Total Current Liabilities	<u>23,168</u>	<u>30,433</u>
NET POSITION:		
Net Investment in Capital Assets	283,948	-
Restricted for Insurance	-	2,891,838
Unrestricted	110,558	100,078
Total Net Position	<u>\$ 394,506</u>	<u>\$ 2,991,916</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, 2019

	School Farm Fund	Internal Service Funds
Operating Revenues:		
Local Revenue	\$ 517,674	\$ 9,755,472
Total Revenues	<u>517,674</u>	<u>9,755,472</u>
Operating Expenses:		
Certificated Personnel Salaries	26,759	-
Classified Personnel Salaries	65,667	-
Employee Benefits	36,218	-
Books and Supplies	173,891	132,350
Services and Other Operating Expenses	122,431	9,517,694
Depreciation	74,398	-
Total Expenses	<u>499,364</u>	<u>9,650,044</u>
Operating Income	<u>18,310</u>	<u>105,428</u>
Nonoperating Revenues (Expenses):		
Interest Income	1,470	85,920
Loss on Disposal of Assets	(59,937)	-
Total Nonoperating Revenues (Expense)	<u>(58,467)</u>	<u>85,920</u>
Income (Loss) before Contributions and Transfers	(40,157)	191,348
Interfund Transfers In	210,000	-
Change in Net Position	<u>169,843</u>	<u>191,348</u>
Total Net Position - Beginning	224,663	2,800,568
Total Net Position - Ending	<u>\$ 394,506</u>	<u>\$ 2,991,916</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, 2019

	School Farm Fund	Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 408,332	\$ -
Cash Received from Interfund Services Provided	-	9,656,559
Cash Payments to Employees for Services	(128,644)	-
Cash Payments to Other Suppliers for Goods and Services	(298,679)	(108,484)
Cash Payments for Insurance Claims	-	(9,516,848)
Net Cash Provided (Used) by Operating Activities	<u>(18,991)</u>	<u>31,227</u>
Cash Flows from Non-capital Financing Activities:		
Transfers From Other Funds	210,000	-
Net Cash Provided by Non-capital Financing Activities	<u>210,000</u>	<u>-</u>
Cash Flows from Investing Activities:		
Acquisition of Livestock	(150,000)	-
Proceeds from Sale of Livestock	3,413	-
Interest and Dividends	1,470	85,920
Net Cash Provided (Used) for Investing Activities	<u>(145,117)</u>	<u>85,920</u>
Net Increase in Cash and Cash Equivalents	45,892	117,147
Cash and Cash Equivalents at Beginning of Year	13,233	2,682,246
Cash and Cash Equivalents at End of Year	<u>\$ 59,125</u>	<u>\$ 2,799,393</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 18,310	\$ 105,428
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	74,398	-
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	16,061	(85,732)
Increase in Inventories	-	(13,181)
Increase in Retains	(2,635)	-
Increase (Decrease) in Accounts Payable	(2,357)	2,250
Increase (Decrease) in Interfund Payables	(122,768)	22,462
Total Adjustments	<u>(37,301)</u>	<u>(74,201)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (18,991)</u>	<u>\$ 31,227</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, 2019

	Agency Funds
ASSETS:	
Cash in County Treasury	\$ 838,663
Accounts Receivable	4,953
Total Assets	<u>843,616</u>
LIABILITIES:	
Accounts Payable	1,783
Due to Student Groups/Other Agencies	841,833
Total Liabilities	<u>843,616</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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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 project funds are 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).

The County School Facilities Fund – New Construction is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction projects and facility hardship grants.

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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. See Note 3 for expenditures that exceeded appropriations.

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, 2019.

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. Inventories of the General Fund are immaterial and have been omitted from these statements.

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.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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 and Improvements	15-40
Vehicles	10
Office Furniture and Equipment	10
Computer Equipment	5
Livestock	5
Buses	9
Miscellaneous property not listed above	10

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will 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 periods 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 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 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.

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.

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.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

Net Position

Net position represents assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net position, net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

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 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 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (continued)

New Accounting Principles (continued)

In April 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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 Non-Major 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

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 3 - Excess of Expenditures Over Appropriations

As of June 30, 2019, expenditures exceeded appropriations in the individual funds, as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Employee Benefits	\$ 1,663,134
Capital Outlay	\$ 28,224
Adult Education Fund:	
Employee Benefits	\$ 114,956
Books and Supplies	\$ 157,523
Services and Other Operating Expenditures	\$ 33,636
Cafeteria Fund:	
Employee Benefits	\$ 49,216
Services and Other Operating Expenditures	\$ 126,372
Special Reserve Fund for Capital Outlay Projects	
Books and Supplies	\$ 22,561
Capital Outlay	\$ 2,927,175
Self-Insurance Property/Liability Fund:	
Books and Supplies	\$ 1,116
Self-Insurance Health & Welfare Fund:	
Services and Other Operating Expenditures	\$ 284,597

Employee Benefits: Budget was not revised to reflect the additional one-time funding to CalSTRS and CalPERS made by the State on behalf of the District, which was recognized as both a revenue and an expenditure.

Capital Outlay, Books and Supplies, Services and Other Operating Expenditures: Budget was not revised to reflect actual results.

NOTE 4 - 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 (\$10,026 as of June 30, 2019) and in the revolving fund (\$15,000) are fully insured or collateralized.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 4 - Cash and Investments (continued)

Analysis of Specific Deposits and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements, as follows:

Statement of Net Position:

Cash in County Treasury	\$	42,831,499
Cash on Hand and in Banks		10,026
Cash in Revolving Fund		15,000
Fiduciary Funds:		
Cash in County Treasury		838,663
Total	\$	<u>43,695,188</u>

Cash and investments as of June 30, 2019, consist of the following:

Cash in County Treasury	\$	43,670,162
Deposits with Financial Institutions		25,026
Total	\$	<u>43,695,188</u>

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. The District held no investments at June 30, 2019.

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. The District held no investments at June 30, 2019.

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 District held no investments at June 30, 2019.

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 District held no investments at June 30, 2019.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 4 - Cash and Investments (continued)

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.

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.

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.

NOTE 5 - Accounts Receivable

Accounts receivable as of June 30, 2019, consist of the following:

	General Fund	Other Governmental Funds	Internal Service Funds	Total Governmental	Enterprise Fund	Fiduciary Funds
Federal Government:						
Federal Programs	\$2,645,780	\$ 527,509	\$ -	\$3,173,289	\$ -	\$ -
State Government:						
Special Education	405,387	-	-	405,387	-	-
CA Career Pathways	239,078	-	-	239,078	-	-
Lottery	151,840	-	-	151,840	-	-
Lottery - Instructional						
Materials	137,869	-	-	137,869	-	-
Categorical Programs	62,834	-	-	62,834	-	-
Adult Education Program	-	240,515	-	240,515	-	-
ETP Grant	-	182,060	-	182,060	-	-
Child Nutrition Program	-	25,771	-	25,771	-	-
Total State Government	997,008	448,346	-	1,445,354	-	-
Other Local	60,362	21,952	105,175	187,489	17,385	4,953
Totals	\$3,703,150	\$ 997,807	\$ 105,175	\$4,806,132	\$ 17,385	\$ 4,953

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 6 - Capital Assets

Capital asset activity for the year ended June 30, 2019, 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	873,898	6,756,177	(39,997)	7,590,078
Total capital assets not being depreciated	<u>6,961,254</u>	<u>6,756,177</u>	<u>(39,997)</u>	<u>13,677,434</u>
Capital assets being depreciated:				
Land improvements	13,302,335	-	39,997	13,342,332
Buildings and Improvements	114,314,886	14,817	-	114,329,703
Equipment	8,275,028	389,380	(130,446)	8,533,962
Equipment under capital lease	197,262	-	-	197,262
Total capital assets being depreciated	<u>136,089,511</u>	<u>404,197</u>	<u>(90,449)</u>	<u>136,403,259</u>
Less accumulated depreciation for:				
Land improvements	(9,238,654)	(358,033)	-	(9,596,687)
Buildings and Improvements	(45,189,413)	(2,679,556)	-	(47,868,969)
Equipment	(5,356,756)	(496,872)	116,676	(5,736,952)
Equipment under capital lease	(39,452)	(19,726)	-	(59,178)
Total accumulated depreciation	<u>(59,824,275)</u>	<u>(3,554,187)</u>	<u>116,676</u>	<u>(63,261,786)</u>
Total capital assets being depreciated, net	<u>76,265,236</u>	<u>(3,149,990)</u>	<u>26,227</u>	<u>73,141,473</u>
Governmental activities capital assets, net	<u>\$ 83,226,490</u>	<u>\$ 3,606,187</u>	<u>\$ (13,770)</u>	<u>\$ 86,818,907</u>
	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	<u>951</u>	<u>-</u>	<u>-</u>	<u>951</u>
Capital assets being depreciated:				
Buildings and improvements	182,177	-	-	182,177
Equipment	53,165	-	-	53,165
Livestock	244,250	150,000	(106,750)	287,500
Total capital assets being depreciated	<u>479,592</u>	<u>150,000</u>	<u>(106,750)</u>	<u>522,842</u>
Less accumulated depreciation for:				
Buildings and improvements	(129,261)	(8,819)	-	(138,080)
Equipment	(47,498)	(4,516)	-	(52,014)
Livestock	(32,088)	(61,063)	43,400	(49,751)
Total accumulated depreciation	<u>(208,847)</u>	<u>(74,398)</u>	<u>43,400</u>	<u>(239,845)</u>
Total capital assets being depreciated, net	<u>270,745</u>	<u>75,602</u>	<u>(63,350)</u>	<u>282,997</u>
Business-type activities capital assets, net	<u>\$ 271,696</u>	<u>\$ 75,602</u>	<u>\$ (63,350)</u>	<u>\$ 283,948</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 6 - Capital Assets (continued)

Depreciation was charged to functions as follows:

Instruction	\$ 3,166,978
Pupil Services	267,325
Enterprise	74,398
General Administration	75,255
Plant Services	44,629
Total	<u>\$ 3,628,585</u>

NOTE 7 - Interfund Balances and Activities

Due To and From Other Funds

Balances due to and from other funds at June 30, 2019, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 750,450	Temporary loan
General Fund	Enterprise Fund-School Farm Fund	1,632	OPEB expense
General Fund	Internal Service Funds	28,183	Inventory adjustment
	Total	<u>\$ 780,265</u>	

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

Transfers To and From Other Funds

Transfers to and from other funds during the year ended June 30, 2019, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Special Reserve Fund for Capital Outlay	\$ 5,000,000	Contribution to fund facility master plan
Other Governmental Funds	Special Reserve Fund for Capital Outlay	2,034,671	Repay bridge financing
General Fund	Enterprise Fund-School Farm Fund	210,000	Contribution to farm program
	Total	<u>\$ 7,244,671</u>	

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 - 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, 2019, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 51,677,561	\$ 2,775,486	\$ 4,410,000	\$ 50,043,047	\$ 4,655,000
Bond Premiums	570,283	-	54,322	515,961	54,322
Capital Lease	141,790	-	38,693	103,097	40,121
Compensated Absences *	251,874	5,521	-	257,395	-
Total governmental activities	<u>\$ 52,641,508</u>	<u>\$ 2,781,007</u>	<u>\$ 4,503,015</u>	<u>\$ 50,919,500</u>	<u>\$ 4,749,443</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.

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
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 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, 2019 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.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 - Long-Term Debt Obligations (continued)

The outstanding General Obligation Bond debt of the District as of June 30, 2019, is as follows:

Issue Date	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2018	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2019
2004	08/2028	5.35-5.94	\$ 19,461,178	\$ 40,160,644	\$ 2,170,988	\$ 3,740,000	\$ 38,591,632
2005	08/2029	4.23-5.40	6,949,634	11,516,917	604,498	670,000	11,451,415
Premiums			1,324,660	570,283	-	54,322	515,961
Totals			<u>\$ 27,735,472</u>	<u>\$ 52,247,844</u>	<u>\$ 2,775,486</u>	<u>\$ 4,464,322</u>	<u>\$ 50,559,008</u>

The annual requirements to amortize General Obligation Bonds payable outstanding as of June 30, 2019, are as follows:

Capital Appreciation, 2004 Bonds, Series A

Year Ending June 30,	Accreted Value of Obligation	Unaccreted Interest	Total Final Maturity	Bond Premium
2020	\$ 3,945,000	\$ -	\$ 3,945,000	\$ 36,683
2021	3,937,291	227,709	4,165,000	36,683
2022	3,924,673	470,327	4,395,000	36,683
2023	3,908,625	731,375	4,640,000	36,683
2024	3,883,722	1,011,278	4,895,000	36,683
2025-2029	18,992,321	9,842,679	28,835,000	152,292
Totals	<u>\$ 38,591,632</u>	<u>\$ 12,283,368</u>	<u>\$ 50,875,000</u>	<u>\$ 335,707</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
2020	\$ 710,000	\$ -	\$ 710,000	\$ 17,639
2021	707,230	37,770	745,000	17,639
2022	711,525	78,475	790,000	17,639
2023	704,149	120,851	825,000	17,639
2024	702,718	167,282	870,000	17,639
2025-2029	3,479,206	1,635,794	5,115,000	88,195
2030	4,436,587	3,293,413	7,730,000	3,864
Totals	<u>\$ 11,451,415</u>	<u>\$ 5,333,585</u>	<u>\$ 16,785,000</u>	<u>\$ 180,254</u>

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

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 - Long-Term Debt Obligations (continued)

Total All Bonds

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Bond Premium</u>
2020	\$ 4,655,000	\$ -	\$ 4,655,000	\$ 54,322
2021	4,644,521	265,479	4,910,000	54,322
2022	4,636,198	548,802	5,185,000	54,322
2023	4,612,774	852,226	5,465,000	54,322
2024	4,586,440	1,178,560	5,765,000	54,322
2025-2029	22,471,527	11,478,473	33,950,000	240,487
2030	4,436,587	3,293,413	7,730,000	3,864
Totals	\$ 50,043,047	\$ 17,616,953	\$ 67,660,000	\$ 515,961

Capital Lease

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, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 40,121	\$ 3,079	\$ 43,200
2021	41,602	1,598	43,200
2022	21,374	227	21,601
Totals	\$ 103,097	\$ 4,904	\$ 108,001

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Premium</u>
2020	\$ 4,695,121	\$ 3,079	\$ 4,698,200	\$ 54,322
2021	4,686,123	267,077	4,953,200	54,322
2022	4,657,572	549,029	5,206,601	54,322
2023	4,612,774	852,226	5,465,000	54,322
2024	4,586,440	1,178,560	5,765,000	54,322
2025-2029	22,471,527	11,478,473	33,950,000	240,487
2030	4,436,587	3,293,413	7,730,000	3,864
Totals	\$ 50,146,144	\$ 17,621,857	\$ 67,768,001	\$ 515,961

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 - Fund Balances and Restricted Net Position

Fund balances at June 30, 2019, 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	-	-	-	38,822	38,822
Total Nonspendable	15,000	-	-	38,822	53,822
Restricted:					
Lottery - Instructional Materials	714,338	-	-	-	714,338
RDA Pass Through	600,420	-	-	-	600,420
Medi-Cal Billing Option	192,507	-	-	-	192,507
School Climate Transformation Grant	69,228	-	-	-	69,228
Low-Performing Students Block Grant	42,339	-	-	-	42,339
CalWorks for ROCP or Adult Ed	31,389	-	-	-	31,389
Classified School Employee Professional Development Grant	19,224	-	-	-	19,224
College Readiness Block Grant	18,458	-	-	-	18,458
California Clean Energy Jobs Act	12,119	-	-	-	12,119
Other Educational Purposes	13,512	-	-	41,005	54,517
Capital Projects	-	3,399,749	-	-	3,399,749
ETP Grant	-	-	-	102,597	102,597
Debt Service	-	-	10,920,579	2,113,975	13,034,554
Developer Fees	-	-	-	4,315,771	4,315,771
Adult Education	-	-	-	285,980	285,980
Scholarships	-	-	-	623,455	623,455
Child Nutrition	-	-	-	154,792	154,792
State School Facilities Projects	-	-	-	6,648	6,648
Total Restricted	1,713,534	3,399,749	10,920,579	7,644,223	23,678,085
Assigned:					
Capital Projects	-	80,525	-	-	80,525
Unassigned:					
Other Unassigned	15,026,120	-	-	-	15,026,120
Total Fund Balances	\$ 16,754,654	\$ 3,480,274	\$ 10,920,579	\$ 7,683,045	\$ 38,838,552

The government-wide statement of net position reports \$13,574,190 of restricted net position, which is not restricted by enabling legislation.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 10 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The Tulare Joint Union High School District participates in the following 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 liability and property insurance 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 11 - 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 - Pension Plans (continued)

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 50-63; 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, 2019 are summarized as follows:

	CalSTRS		CalPERS	
	On or Before December 31, 2012	On or After January 1, 2013	On or Before December 31, 2012	On or After January 1, 2013
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	50-63	55-65	50-63	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%	10.205%	7.00%	6.50%
Required Employer Contribution Rates	16.28%	16.28%	18.062%	18.062%
Required State Contribution Rates	9.828%**	9.828%**	-	-

* 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.

** This rate does not include the \$72 million reduction in accordance with Education Code Section 22954(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, 2019, are presented above and the contributions to the pension plan from the District were \$5,076,381.

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 the required 9.828% of salaries creditable to CalSTRS for the year ended 2016-17. In addition to the required amount, a Senate Bill that was passed in June 2019 appropriated an additional one-time funding on behalf of the District. The amount contributed by the State on behalf of the District was \$4,607,292, which includes \$1,937,615 in additional one-time funding, 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 \$5,182,834. These on behalf payments meet the criteria of a special funding situation.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 - Pension Plans (continued)

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, 2019, are presented on the previous page. The District pays 2.0% 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 \$1,803,440, of which \$1,447,159 was the employer portion.

In June 2019, Senate Bill 90 was signed into law, which appropriated one-time funding for the year ended June 30, 2019. The amount contributed by the State on behalf of the District was \$605,770 and is reported as both revenue and an expenditure in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. These on behalf payments meet the criteria of a special funding situation.

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

At June 30, 2019, 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	\$ 50,639,662	\$ 17,866,977
State's proportionate share of the net pension liability associated with the District	<u>28,993,716</u>	<u>-</u>
Total net pension liability	<u>\$ 79,633,378</u>	<u>\$ 17,866,977</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, 2018, 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, 2017, rolled forward to June 30, 2018 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, 2018 to its proportionate share at June 30, 2017 is as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
Proportionate share at June 30, 2018	<u>0.05510%</u>	<u>0.06701%</u>
Proportionate share at June 30, 2017	<u>0.05335%</u>	<u>0.06458%</u>
Change - increase	<u>0.00175%</u>	<u>0.00243%</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 - Pension Plans (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$10,283,456 and revenue of \$5,788,604 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,171,293	\$ 578,537
Changes of assumptions	9,650,947	-
Net difference between projected and actual earnings on pension plan investments	146,549	1,949,947
Changes in proportion and differences between District contributions and proportionate share of contributions	3,248,594	12,203
District contributions subsequent to the measurement date	6,523,539	-
Totals	\$ 20,740,922	\$ 2,540,687

\$6,523,539 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, 2020. 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>
2020	\$ 4,500,119
2021	3,335,376
2022	409,993
2023	1,386,535
2024	1,834,902
Thereafter	209,771
Total	\$ 11,676,696

Actuarial Assumptions

	<u>CalSTRS</u>	<u>CalPERS</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method for both CalSTRS & CalPERS	
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation Rate	2.75%	2.50%
Payroll Growth	3.50%	2.75%
Salary Increases	Varies by Entry Age and Service for both CalSTRS & CalPERS	
Experience Study	7/1/2010-6/30/2015	7/1/1996-6/30/2015
Investment Rate of Return	7.10%	(1) 7.50%
Post Retirement Benefit Increase	2.00% per year on a Simple basis and an 85% Purchasing Power Level	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 - Pension Plans (continued)

CalSTRS' mortality assumptions are based on the July 1, 2010 through June 30, 2015 experience study. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using the Society of Actuaries 90 percent of scale MP 2016.

CalSTRS and CalPERS use the long-term expected rate of return on pension plan investments. It 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 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class 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+ 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 above and adjusted to account for assumed administrative expenses.

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

Asset Class	CalSTRS		CalPERS		
	Assumed Asset Allocation	Long-term * Expected Real Rate of Return	Assumed Asset Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47%	6.30%	50%	4.80%	5.98%
Fixed Income	12%	0.30%	28%	1.00%	2.62%
Private Equity	13%	9.30%	8%	6.30%	7.23%
Real Estate	13%	5.20%	13%	3.75%	4.93%
Inflation Sensitive Assets	4%	3.80%	0%	0.77%	1.81%
Cash/Liquidity	2%	-1.00%	1%	0.00%	-0.92%
Absolute Return/Risk Mitigating Strategies	9%	2.90%	0%	0.00%	0.00%

* 20-year geometric average

(1) An expected inflation of 2.00% used for this period

(2) An expected inflation of 2.92% used for this period

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 - Pension Plans (continued)

Discount Rate

The discount rates used to measure the total pension liabilities for CalSTRS and CalPERS were 7.1% and 7.15%, 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. CalSTRS' projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments, and administrative expenses 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 was applied to all periods of projected benefit payments to determine the CalSTRS – STRP's total 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	6.10%	6.15%
Net Pension Liability	\$ 74,181,177	\$ 26,013,463
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 50,639,662	\$ 17,866,977
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 31,121,459	\$ 11,108,299

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

As of the June 30, 2018 measurement date, the investment return rate was changed from 7.25 percent to 7 percent.

CalPERS

As of the June 30, 2018 measurement date, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). A new mortality table was developed, the inflation rate was reduced from 2.75 percent to 2.50 percent, the payroll growth rate was reduced from 3 percent to 2.75 percent.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 11 - Pension Plans (continued)

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.

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB)

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. Authority to establish and amend the benefit terms of the plan may be amended by the District. The OPEB plan is closed to new entrants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

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 10, to provide this health coverage.

Employees Covered by Benefit Terms

At July 1, 2017, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	-
Participating active employees	353
Total number of participants	<u>405</u>

Contributions

The District funds the benefits on a pay-as-you-go basis. The District's annual contributions are capped at \$16,054 for eligible certificated retirees, \$17,446 for eligible classified retirees, and range from \$16,157 to \$17,503 for eligible management and confidential retirees. During the fiscal year ended June 30, 2019, the District paid \$762,766 for retiree insurance premiums.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District's total OPEB liability of \$15,436,841 was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018 using standard update procedures. Changes in total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 15,722,670
Changes recognized for measurement period:	
Service cost	862,972
Interest	477,292
Changes of assumptions or other inputs	(671,306)
Benefit payments *	(954,787)
Net changes	<u>(285,829)</u>
Balance at June 30, 2019	<u>\$ 15,436,841</u>

*Amount includes implicit subsidy associate with benefits paid.

For the year ended June 30, 2019 the District recognized OPEB expense of \$1,266,494. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	597,536
Net difference between projected and actual earnings on OPEB plan investments	-	-
District contributions subsequent to the measurement date	<u>966,272</u>	<u>-</u>
Totals	<u>\$ 966,272</u>	<u>\$ 597,536</u>

\$966,272 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2020. The other amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense, as follows:

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2020	\$ (73,770)
2021	(73,770)
2022	(73,770)
2023	(73,770)
2024	(73,770)
Thereafter	<u>(228,686)</u>
Total	<u>\$ (597,536)</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Actuarial Methods and Assumptions

The total OPEB liability for the year ended June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Return/Discount Rate (1)	3.62%
Inflation Rate	3.00%
Projected Salary Increase	3.00%
Healthcare Cost Trend Rates	5.00%

(1) The discount rate was based on the Municipal Bond 20 Year High Grade Rate Index

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. These tables are developed and released by the Society of Actuaries' Retirement Plans Experience Committee.

The actuarial assumptions used in the July 1, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District. Retirement rates are based on recent District retirement patterns. Pre-retirement turnover rates are based on the Crocker-Sarason Table T-5 less mortality, without adjustment.

Discount Rate and Investment Rate

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the municipal bond 20 year high grade rate index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 16,838,295	\$ 15,436,841	\$ 14,157,084

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 12 - Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease 4.00%	Current Healthcare Cost Trend Rate 5.00%	1% Increase 6.00%
Total OPEB Liability	\$ 13,658,512	\$ 15,436,841	\$ 17,525,375

Summary of Changes of Benefits or Assumptions

As of the June 30, 2018 measurement date, the discount rate increased from 3.13% to 3.62%.

NOTE 13 - 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 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 \$465,000 at June 30, 2019.

NOTE 14 - 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.

Construction Projects

The District has entered into several construction agreements for various construction projects. These construction projects have completion dates during the year ended June 30, 2020.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 44,485,770	\$ 41,970,327	\$ 41,508,405	\$ (461,922)
Education Protection Account Funds	7,307,504	10,088,441	10,088,441	-
Local Sources	10,257,158	11,639,450	11,639,450	-
Federal Revenue	3,459,914	4,315,834	3,836,204	(479,630)
Other State Revenue	3,823,826	5,009,587	8,785,865	3,776,278
Other Local Revenue	1,706,529	1,731,893	3,114,846	1,382,953
Total Revenues	<u>71,040,701</u>	<u>74,755,532</u>	<u>78,973,211</u>	<u>4,217,679</u>
Expenditures:				
Current:				
Certificated Salaries	30,137,250	30,071,548	29,989,321	82,227
Classified Salaries	9,760,970	10,217,335	9,971,791	245,544
Employee Benefits	19,923,158	20,414,891	22,078,025	(1,663,134)
Books And Supplies	3,721,797	5,006,590	4,359,795	646,795
Services And Other Operating Expenditures	6,691,724	7,990,331	7,667,710	322,621
Other Outgo	980,041	954,753	944,753	10,000
Direct Support/Indirect Costs	(134,490)	(134,490)	-	(134,490)
Capital Outlay	175,000	269,360	297,584	(28,224)
Debt Service:				
Principal	55,000	50,493	38,693	11,800
Interest	-	4,507	4,507	-
Total Expenditures	<u>71,310,450</u>	<u>74,845,318</u>	<u>75,352,179</u>	<u>(506,861)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(269,749)</u>	<u>(89,786)</u>	<u>3,621,032</u>	<u>3,710,818</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(60,000)</u>	<u>(5,210,000)</u>	<u>(5,210,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(5,210,000)</u>	<u>(5,210,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(329,749)</u>	<u>(5,299,786)</u>	<u>(1,588,968)</u>	<u>3,710,818</u>
Fund Balance, July 1	18,343,622	18,343,622	18,343,622	-
Fund Balance, June 30	<u>\$ 18,013,873</u>	<u>\$ 13,043,836</u>	<u>\$ 16,754,654</u>	<u>\$ 3,710,818</u>

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%
6/30/2017	0.05335%	\$ 49,338,218	\$ 29,188,310	\$ 78,526,528	\$28,694,911	171.94%	69.46%
6/30/2018	0.05510%	\$ 50,639,662	\$ 28,993,716	\$ 79,633,378	\$30,281,836	167.23%	70.99%
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	0.06080%	\$ 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%
6/30/2017	0.06458%	\$ 15,416,950	\$ -	\$ 15,416,950	\$ 8,253,694	186.79%	71.87%
6/30/2018	0.06701%	\$ 17,866,977	\$ -	\$ 17,866,977	\$ 8,872,030	201.39%	70.85%

*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 five years are presented because ten year data is not yet available.

Notes to the Schedule

Change of 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)
6/30/2017	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (2)
6/30/2018	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (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%
6/30/2017	7.15%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2018	7.15%(3)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%

(1) Varies on entry age and service

(2) Net of pension plan investment expenses; includes inflation, but gross of administrative expenses

(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 PENSION CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM AND
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

EXHIBIT B-3

<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%
6/30/2018	\$4,369,669	\$ 4,369,669	\$ -	\$30,281,836	14.43%
6/30/2019	\$5,076,381	\$ 5,076,381	\$ -	\$31,181,701	16.28%
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%
6/30/2018	\$1,377,915	\$ 1,377,915	\$ -	\$ 8,872,030	15.531%
6/30/2019	\$1,447,159	\$ 1,447,159	\$ -	\$ 8,012,169	18.062%

*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 five years are presented because ten year data is not yet available.

Notes to the Schedule

Change of 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)
6/30/2017	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (2)
6/30/2018	7.10%	2.75%	3.50%	Varies	7/1/2010-6/30/2015	7.10% (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%
6/30/2017	7.15%(3)	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
6/30/2018	7.15%(3)	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%

(1) Varies on entry age and service

(2) Net of pension plan investment expenses; includes inflation, but gross of administrative expenses

(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 CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

EXHIBIT B-4

Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Total OPEB liability:		
Service cost	\$ 836,781	\$ 862,972
Interest	467,052	477,292
Changes of assumptions or other inputs	-	(671,306)
Benefit payments	<u>(998,210)</u>	<u>(954,787)</u>
Net change in total OPEB liability	305,623	(285,829)
Total OPEB liability - beginning	<u>15,417,047</u>	<u>15,722,670</u>
Total OPEB liability - ending	<u>\$ 15,722,670</u>	<u>\$ 15,436,841</u>
Covered-employee payroll	\$ 39,743,084	\$ 42,045,435
Total OPEB liability as a percentage of covered-employee payroll	39.56%	36.71%

*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 two years are presented because ten year data is not yet available.

Notes to the Schedule

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Change of Assumptions

There were no changes in actuarial methods or assumptions used for the June 30, 2017 measurement date. There were no changes that materially impacted the June 30, 2017 actuarial valuation outside of the usual year-to-year asset, liability and payroll increases. As of the June 30, 2018 measurement date, the discount rate increased from 3.13% to 3.62%.

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, 2019

	Special Revenue Funds	Debt Service Fund <u>Bond Interest & Redemption Fund #2</u>	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 1,011,126	\$ 2,113,975	\$ 4,478,621	\$ 7,603,722
Cash on Hand and in Banks	7,702	-	-	7,702
Accounts Receivable	997,807	-	-	997,807
Stores Inventories	38,822	-	-	38,822
Total Assets	<u>\$ 2,055,457</u>	<u>\$ 2,113,975</u>	<u>\$ 4,478,621</u>	<u>\$ 8,648,053</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 58,355	\$ -	\$ 156,202	\$ 214,557
Due to Other Funds	750,451	-	-	750,451
Total Liabilities	<u>808,806</u>	<u>-</u>	<u>156,202</u>	<u>965,008</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	38,822	-	-	38,822
Restricted Fund Balances	1,207,829	2,113,975	4,322,419	7,644,223
Total Fund Balance	<u>1,246,651</u>	<u>2,113,975</u>	<u>4,322,419</u>	<u>7,683,045</u>
Total Liabilities and Fund Balances	<u>\$ 2,055,457</u>	<u>\$ 2,113,975</u>	<u>\$ 4,478,621</u>	<u>\$ 8,648,053</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, 2019

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption Fund #2	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 2,650,337	\$ -	\$ -	\$ 2,650,337
Other State Revenue	3,372,295	5,825	2,034,671	5,412,791
Other Local Revenue	864,120	907,619	931,116	2,702,855
Total Revenues	<u>6,886,752</u>	<u>913,444</u>	<u>2,965,787</u>	<u>10,765,983</u>
Expenditures:				
Current:				
Instruction	2,369,414	-	-	2,369,414
Instruction - Related Services	933,994	-	-	933,994
Pupil Services	3,092,983	-	-	3,092,983
Ancillary Services	121,362	-	-	121,362
Plant Services	369,188	-	42,172	411,360
Debt Service:				
Principal	-	670,000	-	670,000
Total Expenditures	<u>6,886,941</u>	<u>670,000</u>	<u>42,172</u>	<u>7,599,113</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(189)</u>	<u>243,444</u>	<u>2,923,615</u>	<u>3,166,870</u>
Other Financing Sources (Uses):				
Transfers Out	-	-	(2,034,671)	(2,034,671)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,034,671)</u>	<u>(2,034,671)</u>
Net Change in Fund Balance	(189)	243,444	888,944	1,132,199
Fund Balance, July 1	1,246,840	1,870,531	3,433,475	6,550,846
Fund Balance, June 30	<u>\$ 1,246,651</u>	<u>\$ 2,113,975</u>	<u>\$ 4,322,419</u>	<u>\$ 7,683,045</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	Adult Education Fund	Cafeteria Fund	Scholarship Trust Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 15,240	\$ 372,431	\$ 623,455	\$ 1,011,126
Cash on Hand and in Banks	160	7,542	-	7,702
Accounts Receivable	615,884	381,923	-	997,807
Stores Inventories	-	38,822	-	38,822
Total Assets	<u>\$ 631,284</u>	<u>\$ 800,718</u>	<u>\$ 623,455</u>	<u>\$ 2,055,457</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 32,835	\$ 25,520	\$ -	\$ 58,355
Due to Other Funds	168,867	581,584	-	750,451
Total Liabilities	<u>201,702</u>	<u>607,104</u>	<u>-</u>	<u>808,806</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	-	38,822	-	38,822
Restricted Fund Balances	429,582	154,792	623,455	1,207,829
Total Fund Balance	<u>429,582</u>	<u>193,614</u>	<u>623,455</u>	<u>1,246,651</u>
Total Liabilities and Fund Balances	<u>\$ 631,284</u>	<u>\$ 800,718</u>	<u>\$ 623,455</u>	<u>\$ 2,055,457</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, 2019

	Adult Education Fund	Cafeteria Fund	Scholarship Trust Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Federal Revenue	\$ 203,069	\$ 2,447,268	\$ -	\$ 2,650,337
Other State Revenue	3,154,906	217,389	-	3,372,295
Other Local Revenue	462,914	242,059	159,147	864,120
Total Revenues	<u>3,820,889</u>	<u>2,906,716</u>	<u>159,147</u>	<u>6,886,752</u>
Expenditures:				
Current:				
Instruction	2,369,414	-	-	2,369,414
Instruction - Related Services	933,994	-	-	933,994
Pupil Services	171,030	2,921,953	-	3,092,983
Ancillary Services	-	-	121,362	121,362
Plant Services	358,529	10,659	-	369,188
Total Expenditures	<u>3,832,967</u>	<u>2,932,612</u>	<u>121,362</u>	<u>6,886,941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,078)</u>	<u>(25,896)</u>	<u>37,785</u>	<u>(189)</u>
Net Change in Fund Balance	(12,078)	(25,896)	37,785	(189)
Fund Balance, July 1	441,660	219,510	585,670	1,246,840
Fund Balance, June 30	<u>\$ 429,582</u>	<u>\$ 193,614</u>	<u>\$ 623,455</u>	<u>\$ 1,246,651</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2019

	Capital Facilities Fund	County School Facilities Fund- New Construction	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 4,471,973	\$ 6,648	\$ 4,478,621
Total Assets	<u>\$ 4,471,973</u>	<u>\$ 6,648</u>	<u>\$ 4,478,621</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 156,202	\$ -	\$ 156,202
Total Liabilities	<u>156,202</u>	<u>-</u>	<u>156,202</u>
Fund Balance:			
Restricted Fund Balances	4,315,771	6,648	4,322,419
Total Fund Balance	<u>4,315,771</u>	<u>6,648</u>	<u>4,322,419</u>
Total Liabilities and Fund Balances	<u>\$ 4,471,973</u>	<u>\$ 6,648</u>	<u>\$ 4,478,621</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Facilities Fund	County School Facilities Fund- New Construction	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ -	\$ 2,034,671	\$ 2,034,671
Other Local Revenue	924,468	6,648	931,116
Total Revenues	<u>924,468</u>	<u>2,041,319</u>	<u>2,965,787</u>
Expenditures:			
Current:			
Plant Services	42,172	-	42,172
Total Expenditures	<u>42,172</u>	<u>-</u>	<u>42,172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>882,296</u>	<u>2,041,319</u>	<u>2,923,615</u>
Other Financing Sources (Uses):			
Transfers Out	-	(2,034,671)	(2,034,671)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,034,671)</u>	<u>(2,034,671)</u>
Net Change in Fund Balance	882,296	6,648	888,944
Fund Balance, July 1	3,433,475	-	3,433,475
Fund Balance, June 30	<u>\$ 4,315,771</u>	<u>\$ 6,648</u>	<u>\$ 4,322,419</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2019

	<u>Warehouse Revolving Fund</u>	<u>Self-Insurance Property/ Liability</u>	<u>Self Insurance Health & Welfare</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS:				
Current Assets:				
Cash in County Treasury	\$ 10,480	\$ 192,913	\$ 2,596,000	\$ 2,799,393
Accounts Receivable	-	100	105,075	105,175
Store Inventories	117,781	-	-	117,781
Total Current Assets	<u>128,261</u>	<u>193,013</u>	<u>2,701,075</u>	<u>3,022,349</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	-	2,250	-	2,250
Due to Other Funds	28,183	-	-	28,183
Total Current Liabilities	<u>28,183</u>	<u>2,250</u>	<u>-</u>	<u>30,433</u>
NET POSITION:				
Restricted for Insurance	-	190,763	2,701,075	2,891,838
Unrestricted	100,078	-	-	100,078
Total Net Position	<u>\$ 100,078</u>	<u>\$ 190,763</u>	<u>\$ 2,701,075</u>	<u>\$ 2,991,916</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, 2019

	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	\$ 108,261	\$ 4,582	\$ 9,642,629	\$ 9,755,472
Total Revenues	<u>108,261</u>	<u>4,582</u>	<u>9,642,629</u>	<u>9,755,472</u>
Operating Expenses:				
Books and Supplies	108,484	23,866	-	132,350
Services and Other Operating Expenses	-	17,517	9,500,177	9,517,694
Total Expenses	<u>108,484</u>	<u>41,383</u>	<u>9,500,177</u>	<u>9,650,044</u>
Operating Income (Loss):	<u>(223)</u>	<u>(36,801)</u>	<u>142,452</u>	<u>105,428</u>
Nonoperating Revenues:				
Interest Income	312	8,889	76,719	85,920
Total Nonoperating Revenues	<u>312</u>	<u>8,889</u>	<u>76,719</u>	<u>85,920</u>
Income (Loss) before Contributions and Transfers	<u>89</u>	<u>(27,912)</u>	<u>219,171</u>	<u>191,348</u>
Change in Net Position	89	(27,912)	219,171	191,348
Total Net Position - Beginning	99,989	218,675	2,481,904	2,800,568
Total Net Position - Ending	<u>\$ 100,078</u>	<u>\$ 190,763</u>	<u>\$ 2,701,075</u>	<u>\$ 2,991,916</u>

TULARE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2019

	Warrant/ Pass-through Fund	Student Body Fund	Total Agency Funds (See Exhibit A-10)
ASSETS:			
Cash in County Treasury	\$ 8	\$ 838,655	\$ 838,663
Accounts Receivable	-	4,953	4,953
Total Assets	<u>8</u>	<u>843,608</u>	<u>843,616</u>
LIABILITIES:			
Accounts Payable	-	1,783	1,783
Due to Student Groups/Other Agencies	8	841,825	841,833
Total Liabilities	<u>8</u>	<u>843,608</u>	<u>843,616</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, 2019

TABLE D-1

Tulare Joint Union High School District was established on September, 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
Laura Fonseca	President	Four year term expires 12/2022
Cathy Mederos	Vice President	Four year term expires 12/2020
Frank Fernandes	Clerk	Four year term expires 12/2020
Kelley Nicholson	Member	Four year term expires 12/2022
Craig Hamilton	Member	Four year term expires 12/2022

Administration

Name	Office	Tenure
Antonio Rodriguez	Superintendent	Two years
Tamara Aldaco	Assistant Superintendent - Student Services and Special Programs	One year
Barbara Orisio	Assistant Superintendent - Human Resources & Business	Three years
Lucy Van Scyoc, Ed.D.	Assistant Superintendent - Curriculum, Technology and Assessment	Four years
Vivian Hamilton	Business Manager	Twenty-seven years

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
JUNE 30, 2019

TABLE D-2

Tulare Joint Union High School District:

	<u>Second Period Report</u>	<u>Annual Report</u>
Grades 9-12:		
Regular ADA	5,153.77	5,130.61
Extended Year Special Education	6.49	6.49
Community Day School	25.99	23.63
Grades 9-12 Totals	<u>5,186.25</u>	<u>5,160.73</u>
ADA Totals	<u>5,186.25</u>	<u>5,160.73</u>

Charter Schools:

Sierra Vista Charter High School

	<u>Second Period Report</u>	<u>Annual Report</u>
Grades 9-12:		
Regular ADA - Non-Classroom Based	83.41	83.76
ADA Totals	<u>83.41</u>	<u>83.76</u>

Accelerated Charter High School

	<u>Second Period Report</u>	<u>Annual Report</u>
Grades 9-12:		
Regular ADA - Classroom Based	132.95	135.09
ADA Totals	<u>132.95</u>	<u>135.09</u>
Charter Schools Totals	<u>216.36</u>	<u>218.85</u>

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, 2019.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

TABLE D-3

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Tulare Joint Union High School District:				
Grade 9	64,800	64,812	180	Complied
Grade 10	64,800	64,812	180	Complied
Grade 11	64,800	64,812	180	Complied
Grade 12	64,800	64,812	180	Complied
Accelerated Charter High School				
Grade 9	64,800	63,783	180	Out of Compliance
Grade 10	64,800	63,783	180	Out of Compliance
Grade 11	64,800	63,783	180	Out of Compliance
Grade 12	64,800	63,783	180	Out of Compliance

School districts must maintain their instructional minutes as defined in Education Code Section 46207(a) or 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 46208. The District has met its LCFF target funding.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

TABLE D-4

General Fund	Budget 2020 (see note 1)	2019	2018	2017
Revenues and other financial sources	\$ 74,874,944	\$ 78,973,211	\$ 69,727,949	\$ 67,053,495
Expenditures	77,715,392	75,352,179	70,789,627	64,183,158
Other uses and transfers out	1,050,000	5,210,000	60,000	-
Total outgo	78,765,392	80,562,179	70,849,627	64,183,158
Change in fund balance (deficit)	(3,890,448)	(1,588,968)	(1,121,678)	2,870,337
Ending fund balance	\$ 12,864,206	\$ 16,754,654	\$ 18,343,622	\$ 19,465,300
Available reserves (see note 2)	\$ 10,717,616	\$ 15,026,120	\$ 12,462,094	\$ 13,308,509
Available reserves as a percentage of total outgo	13.6%	18.7%	17.6%	20.7%
Total long-term debt (see note 3)	\$ 134,768,536	\$ 134,862,980	\$ 133,119,346	\$ 111,228,729
Average daily attendance at P-2	5,441	5,403	5,297	5,205

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 decreased by \$2,710,646 (13.93%) over the past two years. The fiscal year 2019-20 budget projects a decrease of \$3,890,448 (23.22%). 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 experienced operating deficits for two of the past three years and projects a deficit during the 2019-20 fiscal year. Total long-term debt has increased by \$23,634,251 over the past two years as a result of implementing GASB Statement No. 75.

Average daily attendance has increased by 198 over the past two years. An increase of 38 ADA is anticipated during the fiscal year 2019-20.

NOTES:

- (1) Budget 2020 is included for analytical purposes only and has not been subjected to audit.
- (2) Available reserves consist of all unassigned fund balances.
- (3) Long-term debt includes net pension liability and total OPEB liability.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

TABLE D-5

	General Fund	Enterprise Fund School Farm Fund
	<u> </u>	<u> </u>
June 30, 2019, annual financial and budget report fund balance/net position	\$ 16,995,830	\$ 307,856
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Capital assets understatement	-	86,650
Investment overstatement	<u>(241,176)</u>	<u>-</u>
Net adjustments and reclassifications	<u>(241,176)</u>	<u>86,650</u>
June 30, 2019, audited financial statement fund balance/net position	<u>\$ 16,754,654</u>	<u>\$ 394,506</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, 2019

TABLE D-6

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

<u>Charter Schools</u>	<u>Charter Number</u>	<u>Included in Audit?</u>
Sierra Vista Charter High School	1664	Yes
Accelerated Charter High School	1781	Yes

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

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	\$ 830,600
Child Nutrition: School Programs (School Lunch)	10.555	13524	1,494,751
Food Distribution	10.555	13524	202,719
Total CFDA 10.555			<u>1,697,470</u>
Total Child Nutrition Cluster			<u>2,528,070</u>
Child Nutrition: Child and Adult Care Food Program (Cash Advance)	10.558	13666	304,195
Total Passed Through California Department of Education			<u>2,832,265</u>
Total U.S. Department of Agriculture			<u>2,832,265</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Program:			
Wildlife Reserve Funds	15.617	N/A	2,046
Total U.S. Department of Interior			<u>2,046</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Tulare County Office of Education:			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	941,611
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	2,401
Total CFDA 84.027			<u>944,012</u>
School Climate Transformation Grant - Local Education Agency Grants	84.184G	N/A	105,139
Environmental Education Local Grants	66.951	N/A	1,617
Total Passed Through Tulare County Office of Education			<u>1,050,768</u>
Passed Through California Department of Education:			
Adult Education: Adult Secondary Education	84.002	13978	136,950
Adult Education: English Literacy & Civics Education - Local Grant	84.002A	14109	21,280
Adult Education: Adult Basic Education & ELA	84.002A	14508	44,839
Total CFDA 84.002			<u>203,069</u>
ESEA(ESSA): Title I, Part A, Basic Grants Low-Income & Neglected	84.010	14329	1,669,797
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	106,832
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	188,346
Total CFDA 84.048			<u>295,178</u>
ESEA(ESSA): Title III, Immigrant Student Program	84.365	15146	3,215
ESEA(ESSA): Title III, English Learner Student Program	84.365	14346	60,140
Total CFDA 84.365			<u>63,355</u>
ESEA(ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	221,401
ESEA(ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants Program	84.424	15396	61,285
ESEA(ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants Program (Competitive)	84.424	15391	212,167
Total CFDA 84.424			<u>273,452</u>
Total Passed Through California Department of Education			<u>2,726,252</u>
Total U.S. Department of Education			<u>3,777,020</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through California Department of Education:			
Medi-Cal Billing Option	93.778	N/A	4,050
Medi-Cal Billing Option	93.778	10013	127,761
Total CFDA 93.778			<u>131,811</u>
Total Passed Through California Department of Education			<u>131,811</u>
Total U.S. Department of Health and Human Services			<u>131,811</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$6,743,142</u></u>

The accompanying notes are an integral part of this schedule.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditors' Report

Board of Trustees
Tulare Joint Union High School District

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, 2019, 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 16, 2019.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-002.

We noted certain matters that we reported to management of Tulare Joint Union High School District in a separate letter dated December 16, 2019.

Tulare Joint Union High School District's Response to the Finding

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

Purpose of this Report

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

M Green and Company CP

Visalia, California
December 16, 2019



M. Green and Company LLP

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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

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, 2019. 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.

Basis for Qualified Opinion on CFDA 84.010 ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected

As described in the accompanying schedule of findings and questioned costs, Tulare Joint Union High School District did not comply with requirements regarding CFDA 84.010 ESEA(ESSA): Title I, Part A, Basic Grants Low-Income & Neglected as described in finding number 2019-002 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for Tulare Joint Union High School District to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 84.010 ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CFDA 84.010 ESEA(ESSA): Title I, Part A, Basic Grants Low-Income & Neglected for the year ended June 30, 2019.

Other Matters

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002 that we considered to be a significant deficiency.

Tulare Joint Union High School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Tulare Joint Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

M. Queen and Company LLP

Visalia, California
December 16, 2019



M. Green and Company LLP

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Independent Auditors' Report on State Compliance

Board of Trustees
Tulare Joint Union High School District

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2018-19 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, 2019.

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, *2018-19 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, *2018-19 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	No (See Below)
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
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	No (See Below)

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION AND CHARTER SCHOOLS:

California Clean Energy Jobs Act	Yes
After/Before 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

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.

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

We did not perform testing for District of Choice since the District did not elect to operate as a district of choice.

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, 2019.

Other Matters

Other Information

The results of our auditing procedures disclosed instances of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-003 and 2019-004.

Tulare Joint Union High School District's Responses to the Findings

Tulare Joint Union High School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Tulare Joint Union High School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of 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 *2018-19 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.



Visalia, California
December 16, 2019

Findings and Recommendations Section

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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? X Yes 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? X Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? X Yes 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, 2019

B. Financial Statement Findings

FINDING 2019-001

30000

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL – STUDENT BODY REVENUES

Criteria

Generally Accepted Accounting Principles (GAAP) require the adoption of adequate internal controls to safeguard assets and ensure proper recording of all activity.

Condition

There was insufficient documentation of revenue for three of the six student body events tested. Adequate documents were not submitted to the district office to track potential revenue. Though the District has the forms in place to summarize and track event revenue, they were not consistently being completed and/or submitted on a timely basis for review.

Questioned Costs

Not Applicable

Proper Perspective

Isolated to the student body.

Effect

The lack of adhering to established cash receipts and deposit procedures exposes the student body funds to a heightened risk of misappropriation.

Cause

Established controls over documentation of student body cash receipts and deposits were not followed.

Recommendation

We recommend the site personnel go through training over cash receipt and deposit procedures to ensure established internal controls are followed by all those handling student body fundraisers.

Corrective Action Plan

The District has implemented a process to make student body training mandatory beginning Fall of 2020.

FINDING 2019-002

30000/50000

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

FEDERAL COMPLIANCE – ACTIVITIES ALLOWED OR UNALLOWED/ALLOWABLE COSTS/COST PRINCIPLES

Federal Program Information

ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected
U.S. Department of Education
Passed through California Department of Education
Federal Catalog No. 84.010
Federal Award Identification Number S010A180005
(July 1, 2018 – June 30, 2019)

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

C. Federal Award Findings and Questioned Costs

FINDING 2019-002

30000/50000

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

FEDERAL COMPLIANCE – ACTIVITIES ALLOWED OR UNALLOWED/ALLOWABLE COSTS/COST PRINCIPLES

Federal Program Information

ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected
U.S. Department of Education
Passed through California Department of Education
Federal Catalog No. 84.010
Federal Award Identification Number S010A180005
(July 1, 2018 – June 30, 2019)

Criteria

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), The Internal Control - Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and numerous federal guidelines require the establishment and maintenance of internal control designed to reasonably ensure accurate financial reporting and compliance with laws, regulations and program requirements. The District is required to be in conformance with the criteria contained in 2 CFR part 200. Per 2 CFR section 200.403(a), costs must "Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

Condition

We found one employee to have been charged incorrectly to the program.

Questioned Costs

The known questioned costs were \$53,518 of salaries and benefits charged to the federal program.

Proper Perspective

Twenty-five payroll cash disbursements were tested totaling \$41,674. The total sample population was \$895,223. Our sample was a statistically valid sample. The issue is systemic to the District's payroll process.

Effect

The District is out of compliance with Uniform Guidance requirements for Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Cause

While the employee's Employee Data Card/Personnel Activity Form (PAF) did reflect the proper resource to be charged, the payroll software system was not adequately updated after the employee had changed positions in August 2018.

Recommendation

We recommend the District take steps to ensure all updates to the Employee Data Card/PAF's are properly being updated in the payroll software system to charge the correct funding resource.

View of Responsible Officials

X Agree Disagree

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

D. State Award Findings and Questioned Costs

FINDING 2019-003

40000

STATE COMPLIANCE – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS

Criteria

Pursuant to Education Code Section 42238.02(b)(2) the LEA shall annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the State Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). Pursuant to Education Code Section 42238.02(b)(3)(B), the audit of the LEA shall include procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil counts are consistent with the LEA's English Learner (EL), foster youth, and free or reduced-price meal (FRPM) eligible pupil records.

Condition

In our sample of 60 students that were only free or reduced price meal eligible identified under the "NSLP" program column and that were indicated as a "No" under the "Direct Certification" column on the certified 1.18 - FRPM/English Learner/Foster Youth- Student List report, one student was found to be ineligible.

Questioned Costs

Not Applicable

Proper Perspective

The error is systemic to the District.

Effect

After extrapolation, the error in unduplicated pupil counts is 6 students. The fiscal impact results in a potential reduction in funding of \$13,669, dependent upon future unduplicated counts and how that affects future funding.

	Total Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
Funded under the LCFF	5,407	3,192	98	487	3,777
Audit Adjustments	-	(6)	-	-	(6)
Adjusted Counts	<u>5,407</u>	<u>3,186</u>	<u>98</u>	<u>487</u>	<u>3,771</u>

Cause

A data entry error on the Alternative Income Form (AIF) match process caused an incorrect upload into the CalPADS program.

Recommendation

We recommend the District put a process into place to verify that household matches are reviewed by another employee prior to being uploaded into the CalPADS program.

Corrective Action Plan

The District has put a process in place to verify the household matches are correct by having another employee review them.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

FINDING 2019-004

40000

STATE COMPLIANCE – INSTRUCTIONAL TIME – CHARTER SCHOOL

Criteria

For a district that participated in longer day funding, instructional minutes offered must meet requirements pursuant to Education Code Section 47612.5(a)(1).

Condition

The instructional minutes offered (63,783) at Accelerated Charter High School were below the instructional time requirement of 64,800 minutes by 1,017 minutes.

Questioned Costs

Not Applicable

Proper Perspective

Applicable to Accelerated Charter High School.

Effect

The District is out of compliance with state requirements for minimum instructional time. The results in a penalty of approximately \$24,493.

Cause

Clerical oversight during the creation of the instructional minute calculation.

Recommendation

We recommend the District increase minutes in grades 9-12 to meet the minimum required minutes. We also recommend the District contact the State Board of Education to request a waiver for this requirement.

Corrective Action Plan

The District has put into place a procedure to review all school site bell schedules at the District-level to ensure every site meets the minimum required minutes.

TULARE JOINT UNION HIGH SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

FINDING 2019-002

30000/50000

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

FEDERAL COMPLIANCE – ACTIVITIES ALLOWED OR UNALLOWED/ALLOWABLE COSTS/COST PRINCIPLES

Federal Program Information

ESEA (ESSA): Title I, Part A, Basic Grants Low-Income & Neglected

U.S. Department of Education

Passed through California Department of Education

Federal Catalog No. 84.010

Federal Award Identification Number S010A180005

(July 1, 2018 – June 30, 2019)

Corrective Action Plan

The District has implemented a process to review the payroll records against the multi-funded employee listing to ensure each employee is paid from the proper funding source.

Name of the Contact Person Responsible for Corrective Action

Tamara Aldaco, Assistant Superintendent of Student Services and Special Programs

Anticipated Completion Date

January 2020



M. Green and Company LLP

Tulare
Visalia
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Letter to Management

Board of Trustees
Tulare Joint Union High School District

We have completed our audit of Tulare Joint Union High School District for the year ended June 30, 2019. The following items came to our attention which we are providing for your consideration:

Other Postemployment Benefits

A new actuarial valuation for Other Postemployment Benefits must be completed every two years in accordance with GASB Statement No. 75. We recommend the District contact their actuary and obtain a new actuarial valuation for the 2019-20 fiscal year to be in compliance with GASB Statement No. 75.

Excess of Expenditures Over Appropriations

Actual expenditures exceed budgeted amounts in various major object codes for the year ended June 30, 2019. See Note 3 for further detail. Proper internal controls dictate maintaining control over the budgeting process. We recommend the District review budgets more carefully and revise budgets on a regular basis.

Prior Year Issues

Student Body: During our review of student body activities, it was noted that for one fundraiser the vendor was paid using the cash proceeds from the fundraiser. Also, for two fundraisers, deposits were not made timely. We recommended all cash receipts be deposited to student body accounts and subsequently a check be written to pay expenses. We also recommended cash receipts be deposited on a timely basis. To aide in ensuring timely deposits, we recommended adding a "date deposited" column on the ASB Potential Revenue/Fund Raising Recap Form. Additionally, we recommended a second person review and initial the bank reconciliations to ensure accuracy. Our recommendations were partially implemented, see current year finding 2019-001.

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 recommended the District bring the cash clearing accounts to a zero balance at year end to ensure activity in the account was recorded on the general ledger. This recommendation has been implemented.

We would like to thank management and all the office personnel for the excellent cooperation we received during our audit. We look forward to working with you again in 2020 and beyond.

Very truly yours,

M. GREEN AND COMPANY LLP
Certified Public Accountants

December 16, 2019

TULARE JOINT UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>2018-001</p> <p>In our sample of 60 students that were only free or reduced-price meal eligible identified under the "NSLP" program column and that were indicated as a "No" under the "Direct Certification" column on the certified 1.18 - FRPM/English Learner/Foster Youth - Student List report, two students were found to be ineligible. The required alternative household income data collection forms, supporting the students' status, could not be located by the District. We recommended the District develop documentation retention procedures to ensure all required alternative household income data forms were properly retained.</p>	Implemented	