

CREDIT OPINION

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Tamalpais Union High School District, CA

Update to credit analysis

Summary

[Tamalpais Union High School District, CA](#) (Aa1 issuer rating; Aaa GOULT) benefits from a very strong resident wealth and income metrics and community-funded status, providing a mitigant to from steady projected enrollment declines.

Credit strengths

- » Community-funded school district with a large, growing tax base
- » Very strong resident wealth and income measures
- » Strong and conservative management

Credit challenges

- » Elevated leverage, driven by rising pension costs and debt issuance

Rating outlook

Moody's does not assign outlooks to local governments with this amount of debt.

Factors that could lead to an upgrade

- » Further strengthening of resident income above 200% MHI of the US
- » Material growth in reserves approaching 40% of revenue

Factors that could lead to a downgrade

- » Decline in reserves below 20% of revenue
- » Material increase in balance sheet leverage beyond current projections

Key indicators

Exhibit 1

Tamalpais Union High School District, CA

	2020	2021	2022	2023	Aa Medians
Economy					
Resident income	184.6%	186.1%	193.6%	N/A	118.5%
Full value (\$000)	\$49,022,823	\$51,397,481	\$53,527,419	\$57,157,664	\$4,184,901
Population	118,086	119,432	119,682	N/A	32,217
Full value per capita	\$415,145	\$430,349	\$447,247	N/A	\$123,578
Enrollment	5,126	5,166	5,060	4,837	4,143
Enrollment trend	3.0%	2.3%	0.1%	-1.9%	-1.0%
Financial performance					
Operating revenue (\$000)	\$109,533	\$117,756	\$123,368	\$131,381	\$76,434
Available fund balance (\$000)	\$29,729	\$34,495	\$37,791	\$40,599	\$21,177
Net cash (\$000)	\$36,055	\$43,613	\$50,039	\$54,372	\$26,035
Available fund balance ratio	27.1%	29.3%	30.6%	30.9%	29.2%
Net cash ratio	32.9%	37.0%	40.6%	41.4%	35.9%
Leverage					
Debt (\$000)	\$104,408	\$96,664	\$87,685	\$77,006	\$52,318
ANPL (\$000)	\$266,789	\$331,777	\$281,963	\$208,243	\$107,625
OPEB (\$000)	\$5,901	\$6,334	\$4,578	\$4,695	\$8,874
Long-term liabilities ratio	344.3%	369.2%	303.3%	220.7%	301.4%
Implied debt service (\$000)	\$7,570	\$7,477	\$6,780	\$6,124	\$3,696
Pension tread water (\$000)	\$9,717	\$9,699	\$6,958	\$9,190	\$1,705
OPEB contributions (\$000)	\$653	\$673	\$673	\$681	\$363
Fixed-costs ratio	16.4%	15.2%	11.7%	12.2%	9.8%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Tamalpais Union High School District, CA's financial statements and Moody's Ratings

Profile

Tamalpais Union High School District serves an estimated population of roughly 118,000 in [Marin County, California](#) (Aaa stable). The district operations three comprehensive high schools and two alternative high schools with a fiscal 2025 enrollment of 4,542.

Detailed credit considerations

Tamalpais UHSD benefits from a very strong, growing tax base supporting above-average resident income and property wealth metrics. District assessed value has grown on average by 5.4% over the past five years.

District enrollment continues to experience modest annual declines since 2020, with projected further declines of between 2-3% over the next few years. Positively, the district has been entrenched in community funded status since 1992, providing a mitigant to declining enrollment impacts on revenue.

Unaudited actuals for fiscal 2024 show balanced general fund operations, with fund balance at \$35.0 million (29.6% of revenue). Fiscal 2025 first interim projections show a draw down of restricted general fund, bringing total reserves to \$28.6 million (24.0% of revenue). Projections for fiscal 2026 show a balanced budget, followed by a \$3.6 million surplus in fiscal 2027.

Additionally, the district benefits from a voter-approved parcel tax that extends through 2029 with a 3% inflation factor and provided roughly \$17.8 million in fiscal 2025. The district also receives approximately \$1.5 million in annual foundation donations, providing additional revenue flexibility.

Post-issuance of the 2025 bonds, district long-term liabilities are elevated at 345.8% of revenue. The district plans to issue the remainder of its GO authorization by 2028.

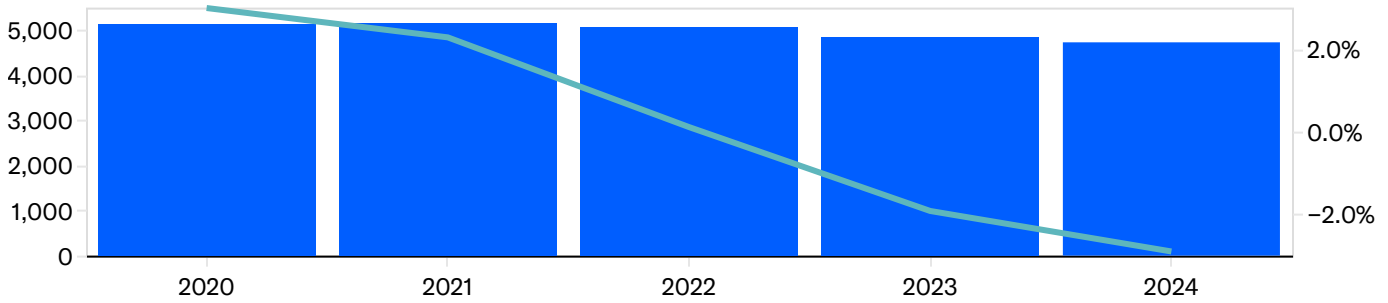
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Economy

Exhibit 2

Recent enrollment declines projected to continue over the next few years

■ Enrollment (LHS) — Enrollment trend (three-year CAGR in enrollment) (RHS)



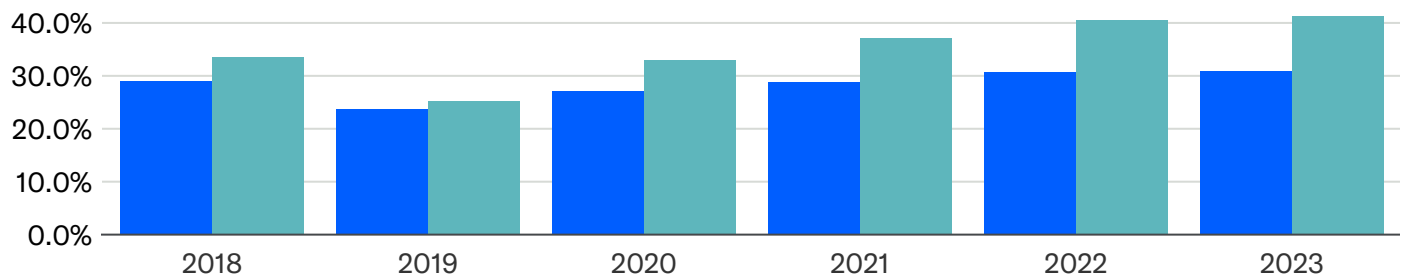
Source: Moody's Ratings

Financial operations

Exhibit 3

Strong financial will remain stable with some restricted general fund balance draw down anticipated

■ Fund Balance as a % of Revenues ■ Cash Balance as a % of Revenues



Source: Moody's Ratings

Leverage

Exhibit 4

Leverage will increase post-issuance of the 2025 bonds, but remain manageable



Source: Source: Moody's Ratings

ESG considerations

Environmental

Environmental considerations are not a material driver of the district's credit profile. The district's Marin County location puts it at high exposure to potential drought over the long-term, consistent with other school districts and communities across the state. Additionally, the district is exposed to elevated fire risk, but its facilities are not located immediately near more fire-prone portions of the district.

Social

Social considerations such as income levels, labor force, and education are material considerations that factor in the district's credit.

Governance

The district has a stable management team with demonstrated fiscal prudence, evidenced by conservative budgetary practices, and a healthy financial position.

California school districts designated as community funded have an Institutional Framework score ¹ of Aa. Operating revenue primarily consists of districts' share of the 1% local property taxes authorized by the state constitution, and districts are not subject to per-pupil limits under the state-controlled Local Control Funding Formula (LCFF). As a result, these districts are largely insulated from funding cuts resulting from state budget pressures or enrollment declines, with revenue increasing or declining with changes in property taxes. Districts' ability to raise additional revenues is limited to voter-approved parcel taxes.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 5

Tamalpais Union High School District, CA

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	193.6%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	509,443	10.0%	Aaa
Enrollment trend (three-year CAGR in enrollment)	-2.9%	10.0%	Baa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	30.9%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	41.4%	10.0%	Aaa
Institutional framework			
Institutional Framework	AA	10.0%	Aa
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	345.8%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	12.2%	10.0%	Aaa
Notching factors			
Additional strength in local resources	0.5		
Scorecard-Indicated Outcome			Aa1
Assigned Rating			Aa1

The complete list of outstanding ratings assigned to the Tamalpais Union High School District, CA is available on their [issuer page](#). Details on the current ESG scores assigned to the Tamalpais Union High School District, CA are available on their [ESGView page](#).

Sources: US Census Bureau, Tamalpais Union High School District, CA's financial statements and Moody's Ratings

Appendix

Exhibit 6

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

Endnotes

- 1 The institutional framework score categorically assesses whether a district has the legal ability to raise the bulk of its operating revenue at the local level or if the state determines the bulk of its operating revenue. Beyond the local versus state categorization, the strength of the institutional framework score is a measure of the district's flexibility in raising additional locally determined operating revenue. See [US K-12 Public School Districts Methodology](#) for more details.

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