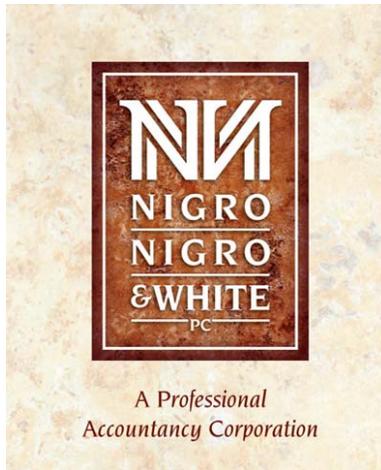


**TAMALPAIS UNION
HIGH SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2009**



**TAMALPAIS UNION HIGH SCHOOL DISTRICT
 AUDIT REPORT
 For the Fiscal Year Ended June 30, 2009
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**TAMALPAIS UNION HIGH SCHOOL DISTRICT
 AUDIT REPORT
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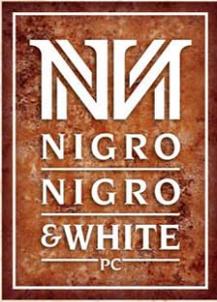
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A Professional
Accountancy Corporation

Jeff Nigro, CPA

Elizabeth Nigro, CPA

Christy White, CPA

MURRIETA OFFICE

PH: 951.698.8783

FAX: 951.699.1064

25090 Jefferson Avenue
Murrieta, CA 92562

SAN DIEGO OFFICE

PH: 619.270.8222

FAX: 619.260.9085

2727 Camino Del Rio S.
Suite 219
San Diego, CA 92108

MEMBERS OF

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Tamalpais Union High School District
Larkspur, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tamalpais Union High School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tamalpais Union High School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tamalpais Union High School District as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of the Tamalpais Union High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 and the required supplementary information on pages 50 through 52 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tamalpais Union High School District's basic financial statements. The other supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Nigam Nigam & White, PC".

Murrieta, California
December 2, 2009

Management's Discussion and Analysis

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009

This discussion and analysis of Tamalpais Union High School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Overall revenues were \$76.5 million, \$2.9 million more than expenses.
- The total cost of basic programs was \$73.6 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was just \$64.6 million.
- The District's long-term debt decreased by \$5.6 million.
- Second period (P2) average daily attendance (ADA) decreased by 44 or 1.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

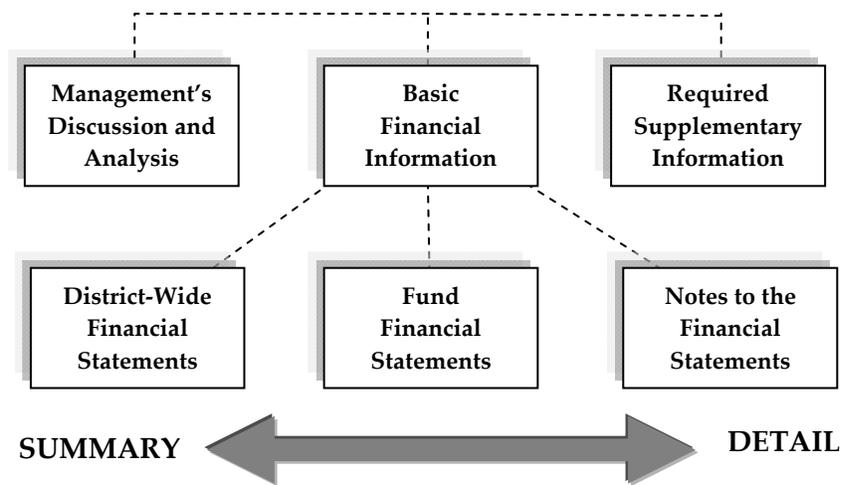
- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's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

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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



**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

District-wide Statements

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

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

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

Fund Financial Statements

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

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for liability and property losses.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. The District's combined net assets were larger on June 30, 2009, than they were the year before – increasing 3.8% to \$77,966,081 (See Table A-1).

Table A-1

	Governmental Activities		Variance
	(In millions)		
	2009	2008	Increase
			(Decrease)
Current assets	\$ 64.3	\$ 99.4	\$ (35.1)
Non-current assets	0.9	-	0.9
Capital assets	205.6	175.6	30.0
Total assets	270.8	275.0	(4.2)
Current liabilities	6.8	8.3	(1.5)
Long-term liabilities	186.1	191.6	(5.5)
Total liabilities	192.8	199.9	(7.1)
Net assets			
Invested in capital assets, net of related debt	45.9	45.9	0.0
Restricted	13.2	13.2	0.0
Unrestricted	18.8	16.0	2.8
Total net assets	\$ 78.0	\$ 75.1	\$ 2.9

Changes in net assets, governmental activities. The District's total revenues were \$76.5 million (See Table A-2). The decrease is due primarily to a small decrease in property taxes and a larger decrease in earnings on investments.

The total cost of all programs and services was \$73.6 million. The District's expenses are predominantly related to educating and caring for students, 64.4%. The purely administrative activities of the District accounted for just 6.2% of total costs. The total costs increased by 4.2%, primarily due to debt service payments.

Table A-2

	Governmental Activities		Variance
	(In millions)		
	2009	2008	Increase
			(Decrease)
Total Revenues	\$ 76.5	\$ 77.3	\$ (0.8)
Total Expenses	73.6	69.4	4.2
Increase (decrease) in net assets	\$ 2.9	\$ 7.9	\$ (5.0)

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$60,127,984, which is below last year's ending fund balance of \$93,705,504. The decrease is primarily due to expenditures of over \$35.5 million from bond funds.

General Fund Budgetary Highlights

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

- Revenues – increased by \$2.3 million primarily to reflect federal and state budget actions
- Expenditures – increased \$5.8 million to re-budget carryover funds and revise operational cost estimates

While the District's final budget for the General Fund anticipated revenues would fall short of expenditures by about \$3.0 million, the actual results for the year show that revenues actually exceeded expenditures by approximately \$1.4 million. Actual revenues were about \$0.3 million more than anticipated, and expenditures were \$4.1 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2009 that will be carried over into the 2009-10 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2008-09 the District had invested over \$35.0 million in new capital assets, including District-wide planning and modernization projects. (More detailed information about capital assets can be found in Note 6 to the financial statements.) Total depreciation expense for the year exceeded \$5.0 million.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-3 Capital Assets at Year-End, before depreciation

	Governmental Activities (In millions)		Variance Increase
	2009	2008	(Decrease)
Land	\$ 2.4	\$ 2.4	\$ -
Site improvements	62.1	60.0	2.1
Buildings and improvements	104.2	100.5	3.7
Machinery and equipment	2.6	2.4	0.2
Construction in progress	82.3	53.2	29.1
Total	\$ 253.6	\$ 218.5	\$ 35.1

The District's fiscal year 2009-10 capital budget projects spending additional money for capital projects, principally for continued District-wide modernization projects.

Long-Term Debt

At year-end the District had \$186.1 million in general obligation bonds and employment benefits – a decrease from last year – as shown in Table A-4. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

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

	Total School District (In millions)		Variance Increase
	2009	2008	(Decrease)
2001 G.O. Bond, Series 2001	\$ 16.4	\$ 17.1	\$ (0.7)
2002 G.O. Bond, Series 2001	41.9	43.3	(1.4)
2003 G.O. Bond, Series 2004	46.1	47.6	(1.5)
2004 G.O. Bond, Series 2006	78.0	79.9	(1.9)
Bond Premium	3.4	3.6	(0.2)
Capital leases	0.1	-	0.1
Vacation and retirement benefits	0.2	0.1	0.1
Total	\$ 186.1	\$ 191.6	\$ (5.6)

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2009**

FACTORS BEARING ON THE DISTRICT'S FUTURE

In considering the District Budget for the 2009/10 year, the District Board and management used the following criteria:

- Enrollment decreased by 66 students
- Increase in Property Tax Revenue 3.34%
- Decrease in State Revenue of 4.5%; Federal Revenue same as 2008-09
- Certificated Staffing has been decreased by 1.6 FTE from the Fall of 2008. No Full Time Equivalent has been budgeted to serve as growth contingency for unidentified fall increases in student enrollment.
- No changes in salary have been budgeted. Cost of Step & Column is 1.68% for Certificated; 2.68% for Classified; and 0.3% for Management.
- Health Benefits are budgeted to increase 11.75% effective October 1, 2009.
- School site per student allocations have been decreased 10.0%.
- Utilities have been decreased by 10% for electric and increased by 37.0% for gas, and 15.0% for all others.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Business Official, at Tamalpais Union School District, PO Box 605, Larkspur, California 94977, or e-mail at lparrish@tamdistrict.org.

Financial Section

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

	Total Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 60,389,612
Accounts receivable	2,868,355
Inventories	20,857
Prepaid expenses	1,013,295
Total current assets	<u>64,292,119</u>
Non-current assets:	
Net OPEB asset	19,168
Accounts receivable	29,192
Housing loan	850,000
Total non-current assets	<u>898,360</u>
Capital assets:	
Land	2,409,145
Improvement of sites	62,062,852
Buildings	104,267,824
Furniture and equipment	2,560,447
Construction in progress	82,290,829
Less accumulated depreciation	(47,979,344)
Total capital assets, net of depreciation	<u>205,611,753</u>
Total assets	<u>270,802,232</u>
LIABILITIES	
Current liabilities:	
Accounts payable	6,563,610
Deferred revenue	208,025
Total current liabilities	<u>6,771,635</u>
Long-term liabilities:	
Due within one year	5,912,569
Due after one year	180,151,947
Total long-term liabilities	<u>186,064,516</u>
Total liabilities	<u>192,836,151</u>
NET ASSETS	
Invested in capital assets, net of related debt	45,907,020
Restricted for:	
Capital projects	1,124,690
Debt service	10,718,973
Categorical programs	1,371,572
Unrestricted	<u>18,843,826</u>
Total net assets	<u>\$ 77,966,081</u>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
<u>Governmental Activities</u>				
Instructional Services:				
Instruction	\$ 34,746,993	\$ 307,763	\$ 4,858,690	\$ (29,580,540)
Instruction-Related Services:				
Supervision of instruction	1,014,057	-	-	(1,014,057)
Instructional library, media and technology	1,199,943	-	-	(1,199,943)
School site administration	4,333,714	19,091	660,061	(3,654,562)
Pupil Support Services:				
Home-to-school transportation	142,470	-	32,851	(109,619)
Food services	982,264	485,243	138,172	(358,849)
All other pupil services	5,035,768	-	612,904	(4,422,864)
General Administration Services:				
Data processing services	1,487,100	-	-	(1,487,100)
Other general administration	3,060,691	6,778	265,435	(2,788,478)
Plant services	7,762,023	49,273	148,334	(7,564,416)
Ancillary services	1,809,746	29,512	76,725	(1,703,509)
Community services	786,703	117,396	187,484	(481,823)
Interest on long-term debt	8,572,835	-	-	(8,572,835)
Other outgo	2,763,141	433,785	717,669	(1,611,687)
Total Governmental Activities	\$ 73,697,448	\$ 1,448,841	\$ 7,698,325	(64,550,282)
General Revenues:				
Property taxes				63,961,296
Federal and state aid not restricted to specific purpose				834,244
Interest and investment earnings				1,529,734
Interagency revenues				195,270
Miscellaneous				867,308
Total general revenues				67,387,852
Change in net assets				2,837,570
Net assets - July 1, 2008				75,128,511
Net assets - June 30, 2009				\$ 77,966,081

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2009

	General Fund	Deferred Maintenance Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 17,935,811	\$ 1,013,345	\$ 27,539,857	\$ 10,718,973	\$ 3,160,497	\$ 60,368,483
Accounts receivable	2,541,035	-	-	-	306,632	2,847,667
Due from other funds	76,439	-	293,824	-	-	370,263
Inventories	-	-	-	-	20,857	20,857
Prepaid expenditures	986	-	-	-	3,217	4,203
Total Assets	\$ 20,554,271	\$ 1,013,345	\$ 27,833,681	\$ 10,718,973	\$ 3,491,203	\$ 63,611,473
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,128,972	\$ -	\$ 1,663,096	\$ -	\$ 133,821	\$ 2,925,889
Due to other funds	293,824	-	-	-	55,751	349,575
Deferred revenue	208,025	-	-	-	-	208,025
Total Liabilities	1,630,821	-	1,663,096	-	189,572	3,483,489
Fund Balances						
Reserved for:						
Inventories	-	-	-	-	20,857	20,857
Revolving cash	12,800	-	-	-	393	13,193
Debt service	-	-	-	10,718,973	-	10,718,973
Prepaid expenditures	986	-	-	-	3,217	4,203
Categorical programs	1,371,572	-	-	-	-	1,371,572
Unreserved, reported in:						
General fund	17,538,092	-	-	-	-	17,538,092
Capital project funds	-	-	26,170,585	-	1,124,690	27,295,275
Special revenue funds	-	1,013,345	-	-	2,152,474	3,165,819
Total Fund Balances	18,923,450	1,013,345	26,170,585	10,718,973	3,301,631	60,127,984
Total Liabilities and Fund Balances	\$ 20,554,271	\$ 1,013,345	\$ 27,833,681	\$ 10,718,973	\$ 3,491,203	\$ 63,611,473

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets
June 30, 2009

Total fund balances - governmental funds \$ 60,127,984

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

	Capital Assets	253,591,097	
	Accumulated Depreciation	<u>(47,979,344)</u>	
	Net Capital Assets		205,611,753

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net assets are: 1,009,092

Special education settlement receivable is not available soon enough to pay for the current period's expenditures, and therefore is not recorded in the governmental funds until received. 29,192

The housing loan is outstanding as long as the Superintendent is employed as the District Superintendent. In the governmental funds, this loan was recorded as an other financing use, but in the government-wide statements, it is recorded as a long-term receivable. 850,000

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (3,637,721)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net assets. Net assets for internal service funds are: 21,129

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

	General obligation bonds payable	185,807,881	
	Capital leases payable	67,437	
	Compensated absences (accrued vacation)	161,728	
	Early retirement incentive	27,470	
	Other postemployment benefit (asset)	<u>(19,168)</u>	
	Total		<u>(186,045,348)</u>

Total net assets - governmental activities \$ 77,966,081

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General Fund	Deferred Maintenance Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
General Revenues:						
Property taxes	\$ 49,944,323	\$ -	\$ -	\$ 14,016,973	\$ -	\$ 63,961,296
Federal and state aid not restricted to specific purpose	599,184	148,067	-	-	86,993	834,244
Earnings on investments	354,404	-	1,072,660	96,944	5,726	1,529,734
Interagency revenues	195,270	-	-	-	-	195,270
Miscellaneous	866,833	-	475	-	-	867,308
Program Revenues:						
Charges for services	154,322	-	-	-	1,294,519	1,448,841
Operating grants and contributions	5,806,688	19,779	-	-	1,871,858	7,698,325
Total Revenues	57,921,024	167,846	1,073,135	14,113,917	3,259,096	76,535,018
EXPENDITURES						
Instructional Services:						
Instruction	29,939,955	-	-	-	979,717	30,919,672
Instruction-Related Services:						
Supervision of instruction	953,498	-	-	-	-	953,498
Instructional library, media and technology	1,171,975	-	-	-	-	1,171,975
School site administration	3,534,482	-	-	-	635,130	4,169,612
Pupil Support Services:						
Home-to-school transportation	134,474	-	-	-	-	134,474
Food services	8,943	-	-	-	939,590	948,533
All other pupil services	4,843,058	-	-	-	-	4,843,058
General Administration Services:						
Data processing services	1,471,339	-	-	-	-	1,471,339
Other general administration	2,816,825	-	-	-	100,776	2,917,601
Plant services	6,846,404	-	85	-	67,805	6,914,294
Facility acquisition and construction	327,834	537,301	34,505,351	-	6,862	35,377,348
Ancillary services	1,745,916	-	-	-	-	1,745,916
Community services	-	-	-	-	729,180	729,180
Other outgo:						
Transfers between agencies	2,696,667	-	-	-	-	2,696,667
Debt service - issuance costs	17,349	-	-	-	-	17,349
Debt service - principal	23,968	-	-	5,480,000	-	5,503,968
Debt service - interest	-	-	-	8,839,459	-	8,839,459
Total Expenditures	56,532,687	537,301	34,505,436	14,319,459	3,459,060	109,353,943
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	1,388,337	(369,455)	(33,432,301)	(205,542)	(199,964)	(32,818,925)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	2,080,000	200,000	-	-	873,786	3,153,786
Interfund transfers out	(1,073,786)	-	(2,080,000)	-	-	(3,153,786)
Proceeds from long term debt	91,405	-	-	-	-	91,405
All other financing uses	(850,000)	-	-	-	-	(850,000)
Total Other Financing Sources and Uses	247,619	200,000	(2,080,000)	-	873,786	(758,595)
Net Change in Fund Balances	1,635,956	(169,455)	(35,512,301)	(205,542)	673,822	(33,577,520)
Fund Balances, July 1, 2008	17,287,494	1,182,800	61,682,886	10,924,515	2,627,809	93,705,504
Fund Balances, June 30, 2009	\$ 18,923,450	\$ 1,013,345	\$ 26,170,585	\$ 10,718,973	\$ 3,301,631	\$ 60,127,984

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Total net change in fund balances - governmental funds \$ (33,577,520)

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

Capital outlay expenditures made in governmental funds for acquisition or construction of capital assets are reported as expenditures in the governmental funds, but are capitalized as assets on the government-wide statement of net assets. 35,066,158

Depreciation expense is recorded in the government-wide statement of activities, but is not recorded in the fund financial statements. (5,098,328)

Special education settlement receivable is not available soon enough to pay for the current period's period's expenditures, and therefore is not recorded in the governmental funds until received. (14,527)

The housing loan is outstanding as long as the Superintendent is employed as the District Superintendent. In the governmental funds, this loan was recorded as an other financing use, but in the government-wide statements, it is recorded as a long-term receivable. 850,000

Debt service: In governmental funds, repayment of principal on long-term liabilities is an expenditure. In the government-wide statements, repayments of debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 5,503,968

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In government-wide statements, proceeds from debt are reported as increases to long-term liabilities. Amounts recognized as proceeds from debt, net of issue premium or discount were: (91,405)

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 97,698

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

Premiums and discounts amortized during the period:	168,930	
Issue costs amortized for the period:	(49,125)	
Net:	119,805	

In the statement of activities, certain operating expenses - compensated absences and early retirement incentives for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The liability for compensated absences (accrued vacation) increased during the year by \$24,545 from the prior year's ending balance. The liability for early retirement incentives increased during the year by \$27,470 from the prior year's ending balance. (52,015)

Postemployment benefits other than pensions: In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: 19,168

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental activities in the statement of activities. The net increase or decrease in internal service funds was: 14,568

Change in net assets of governmental activities \$ 2,837,570

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Net Assets – Proprietary Funds
June 30, 2009

	Governmental Activities
	Internal Service Fund

ASSETS	
Cash	\$ 21,129

Total Assets	21,129

NET ASSETS	
Unrestricted	21,129

Total net assets	\$ 21,129
	=====

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges to other funds	\$ 25,000
Other local revenues	2,744
	<hr/>
Total operating revenues	27,744
	<hr/>
OPERATING EXPENSES	
Books and supplies	5,955
Services and other operating expenditures	7,515
	<hr/>
Total operating expenses	13,470
	<hr/>
Operating Income	14,274
	<hr/>
NON-OPERATING REVENUES	
Interest income	294
	<hr/>
Change in Net Assets	14,568
	<hr/>
Net Assets, July 1, 2008	6,561
	<hr/>
Net Assets, July 1, 2009	\$ 21,129
	<hr/> <hr/>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Governmental Activities
	Internal Service Fund
	Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 25,000
Cash received from other local sources	5,352
Cash payments for operating expenses	(14,523)
	<hr/>
Net cash provided by operating activities	15,829
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	294
	<hr/>
Net cash provided by investing activities	294
	<hr/>
Net increase in cash	16,123
Cash, July 1, 2008	5,006
	<hr/>
Cash, June 30, 2009	\$ 21,129
	<hr/> <hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 14,274
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	2,608
Decrease in accounts payable and current liabilities	(1,053)
	<hr/>
Net cash provided by operating activities	\$ 15,829
	<hr/> <hr/>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Net Assets – Fiduciary Funds
June 30, 2009

	<u>Trust Fund</u>	<u>Agency Funds</u>	
	<u>Foundation Private-Purpose Fund</u>	<u>Student Body Funds</u>	<u>Total</u>
Assets			
Cash	\$ 191,858	\$ 651,938	\$ 843,796
Total assets	<u>191,858</u>	<u>\$ 651,938</u>	<u>843,796</u>
Liabilities			
Accounts payable	355	\$ -	355
Due to other funds	20,688	-	20,688
Due to student groups	<u>-</u>	<u>651,938</u>	<u>651,938</u>
Total liabilities	<u>21,043</u>	<u>\$ 651,938</u>	<u>672,981</u>
Net Assets	<u>\$ 170,815</u>		<u>\$ 170,815</u>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Changes in Net Assets – Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Foundation Private-Purpose Fund
ADDITIONS	
Donations and Fees	\$ 409,456
Interest	4,578
Total Additions	<u>414,034</u>
DEDUCTIONS	
Other Expenditures	<u>327,582</u>
Total Deductions	<u>327,582</u>
Change in Net Assets	86,452
Net Assets, June 30, 2008	<u>84,363</u>
Net Assets, June 30, 2009	<u><u>\$ 170,815</u></u>

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

B. Reporting Entity

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

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

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets and Statement of Activities have been eliminated, including due to/from other funds and transfers in/out.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenue includes charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets for proprietary funds presents increases (i.e., revenues) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flows needs of its proprietary activities.

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued):

The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

D. Basis of Accounting

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

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year and are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, proprietary, and fiduciary funds, as follows:

Major Governmental Funds:

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.
- The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.
- The *Bond Interest and Redemption Fund* is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Accounting (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 District maintains four non-major special revenue funds:
 1. The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
 2. The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service operations.
 3. The *Special Reserve Fund for Other than Capital Outlay Projects* is used primarily to provide for the accumulation of general fund moneys for general operating purposes other than capital outlay.
 4. The *Foundation Special Revenue Fund* is used to account for resources received from local donations.
- ***Capital Projects Funds*** are used to account for the acquisition and/or construction of major governmental general fixed assets. The District maintains one non-major capital project fund:
 1. The *Special Reserve Fund for Capital Outlay Projects* is used to provide for the accumulation of general fund moneys for capital outlay puposes.

Fiduciary Funds:

- ***Trust Funds*** are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District's trust fund is the Foundation Private-Purpose Trust fund.
- ***Agency Funds*** are used to account for assets of others for which the District acts as an agent. The District maintains three agency funds, one for each school that operates a student body fund. The amounts reported for student body funds represent the combined totals of all schools within the District.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Accounting (continued)

Proprietary Funds:

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

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and the final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

The District's 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 held in the county treasury is recorded at cost, which approximates fair value, in accordance with GASB Statement No. 31.

2. Stores Inventories

Inventories in the Cafeteria Fund are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

3. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity (continued)

4. Deferred Revenue

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

5. Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability on the government-wide statement of net assets as the benefits are earned. For governmental funds, unpaid compensated absences are recognized as a fund liability only upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are recorded as accounts payable in the fund from which the employees who have accumulated leave are paid.

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

7. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of the fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity (continued)

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

I. Revenue Limit/Property Tax

The District's revenue limit is received from local property taxes.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. Because the District's local property tax revenue exceeds its total base revenue limit, the District receives from the state General Fund only an amount known as "basic aid". The basic aid entitlement is equal to amounts for various other supplemental instructional programs, less payments to the County for county-operated ADA.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Use of Estimates

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

K. New GASB Pronouncements

During the 2008-09 fiscal year, the following GASB Pronouncements became effective for the District.

GASB Statement No. 45 – In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The pronouncement requires employers providing postemployment benefits, commonly referred to as other postemployment benefits, or OPEB, to recognize and account for the costs of providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits.

GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations* was issued in November, 2006. This statement addresses standards for obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is not expected to have any financial impact on the District.

GASB Statement No. 52 – *Land and Other Real Estate Held as Investments by Endowments* was issued in November, 2007. The statement establishes consistent standards for the reporting of land and other real estate held as investments by endowments and similar entities, such as pension and other postemployment benefit plans, external investment pools, and deferred compensation plans. It requires land and other real estate held to be reported at fair value. This statement is not expected to have any financial impact on the District.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 2 – CASH

Summary of Cash

Cash as of June 30, 2009 is classified in the accompanying financial statements as follows:

Cash:	Governmental Activities	Fiduciary Funds
Cash in county treasury	\$ 60,371,409	\$ 191,858
Cash on hand and in banks	4,996	651,938
Cash in revolving fund	13,193	-
Collections awaiting deposit	14	-
Total cash	<u>\$ 60,389,612</u>	<u>\$ 843,796</u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

Cash in County Treasury – 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 fair value of the District’s investment in the pool is reported in the accounting 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). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 2 – CASH (continued)

General Authorizations

The authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its web site. The table below identifies some of the investment types permitted in the investment policy:

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Marin County Investment Pool with a fair value of approximately \$60,645,027 and an amortized book value of \$60,563,267. The average weighted maturity for the pooled investment is 174 days.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 2 – CASH (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Marin County Investment Pool is rated AAA/V1+ by Fitch Ratings.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2009, \$284,783 of the District's bank balance of \$860,943 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

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 the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations in any major fund.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009 consist of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government:			
Categorical aid programs	\$ 875,672	\$ 15,388	\$ 891,060
State Government:			
Revenue limit	51,187	-	51,187
Lottery	280,015	-	280,015
Categorical aid programs	1,000,938	167,585	1,168,523
Local:			
Interest	152,617	14,594	167,211
Miscellaneous	180,606	109,065	289,671
Total	<u>\$ 2,541,035</u>	<u>\$ 306,632</u>	<u>\$ 2,847,667</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund activity is reported as loans, services provided, reimbursements, or transfers. 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/expenses. Reimbursements are 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 among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS (continued)

A. Due From/Due To Other Funds

Individual interfund receivable and payable balances as of June 30, 2009 are as follows:

	<u>Due from other funds</u>		
	<u>General Fund</u>	<u>Building Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 293,824	\$ 293,824
Non-major Funds	55,751	-	55,751
Fiduciary Fund	20,688	-	20,688
Total	<u>\$ 76,439</u>	<u>\$ 293,824</u>	<u>\$ 370,263</u>

General Fund due to Building Fund for funds received for bond projects from the City	\$ 293,824
Adult Education Fund due to General Fund for loan payment and indirect charges	15,635
Cafeteria Fund due to General Fund for contribution	38,305
Foundation Private-Purpose Trust Fund due to General Fund for indirect charges	20,688
Special Reserve Fund for Capital Outlay Projects due to General Fund to move fourth quarter interest	<u>1,811</u>
Total	<u>\$ 370,263</u>

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers for the 2008-09 fiscal year are as follows:

	<u>Interfund Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ 200,000	\$ 873,786	\$ 1,073,786
Building Fund	2,080,000	-	-	2,080,000
Total	<u>\$ 2,080,000</u>	<u>\$ 200,000</u>	<u>\$ 873,786</u>	<u>\$ 3,153,786</u>
General Fund transfer to Cafeteria Fund for contribution				\$ 333,786
General Fund transfer to Deferred Maintenance Fund for District match				200,000
General Fund transfer to Special Reserve Fund for Capital Outlay Projects for capital projects				540,000
Building Fund transfer to General Fund for Redhill JPA				<u>2,080,000</u>
Total				<u>\$ 3,153,786</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2009 is shown below:

	Balance, July 1, 2008	Additions	Retirements	Balance, June 30, 2009
Capital assets not being depreciated:				
Land	\$ 2,409,145	\$ -	\$ -	\$ 2,409,145
Construction in progress	53,202,583	33,951,146	4,862,900	82,290,829
Total capital assets not being depreciated	<u>55,611,728</u>	<u>33,951,146</u>	<u>4,862,900</u>	<u>84,699,974</u>
Capital assets being depreciated:				
Improvement of sites	59,974,857	2,087,995	-	62,062,852
Buildings	100,526,669	3,741,155	-	104,267,824
Equipment	2,411,685	148,762	-	2,560,447
Total capital assets being depreciated	<u>162,913,211</u>	<u>5,977,912</u>	<u>-</u>	<u>168,891,123</u>
Accumulated depreciation for:				
Improvement of sites	(12,461,618)	(1,975,778)	-	(14,437,396)
Buildings	(28,968,117)	(2,926,074)	-	(31,894,191)
Equipment	(1,451,281)	(196,476)	-	(1,647,757)
Total accumulated depreciation	<u>(42,881,016)</u>	<u>(5,098,328)</u>	<u>-</u>	<u>(47,979,344)</u>
Total capital assets being depreciated, net	<u>120,032,195</u>	<u>879,584</u>	<u>-</u>	<u>120,911,779</u>
Governmental activity capital assets, net	<u>\$ 175,643,923</u>	<u>\$ 34,830,730</u>	<u>\$ 4,862,900</u>	<u>\$ 205,611,753</u>

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

Instruction	\$ 3,971,006
Instructional Supervision and Administration	60,949
Instructional Library, Media and Technology	28,357
School Site Administration	165,200
Home-to-School Transportation	7,996
Food Services	33,979
All Other Pupil Services	194,093
Ancillary Services	70,981
Community Services	57,756
All Other General Administration	160,125
Centralized Data Processing	59,246
Plant Services	288,640
Total Depreciation Expense	<u>\$ 5,098,328</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 7 - TAX REVENUE ANTICIPATION NOTES

The District issued \$5,000,000 of Tax Revenue Anticipation Notes dated July 1, 2008 through the California School Cash Reserve Program, sponsored by the California School Boards Association Finance Corporation. The notes matured on July 6, 2009 and yielded 1.65% interest. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that certain amounts be deposited in a special fund. The monies were required to remain on deposit until the maturity date of the note, at which time they were applied to pay the principal and interest on the notes. Because the set-aside requirements were met, the liability for the notes is considered defeased and is not reflected in these financial statements at June 30, 2009.

NOTE 8 – GENERAL LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2009 is shown below.

	Balance, July 1, 2008	Additions	Deductions	Balance, June 30, 2009	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 187,885,000	\$ -	\$ 5,480,000	\$ 182,405,000	\$ 5,695,000
Unamortized Issuance Premium	3,571,808	-	168,927	3,402,881	168,927
Total General Obligation Bonds	<u>191,456,808</u>	<u>-</u>	<u>5,648,927</u>	<u>185,807,881</u>	<u>5,863,927</u>
Capital Lease	-	91,405	23,968	67,437	21,172
Accrued Vacation	137,183	24,545	-	161,728	-
Early Retirement Incentives	-	53,088	25,618	27,470	27,470
Totals	<u>\$ 191,593,991</u>	<u>\$ 169,038</u>	<u>\$ 5,698,513</u>	<u>\$ 186,064,516</u>	<u>\$ 5,912,569</u>

A. General Obligation Bonds

Election of 2001

An election was held on March 6, 2001, at which more than two-thirds of the voters in the District authorized the issuance and sale of \$121 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to enhance the quality of education through facility modernization and technology upgrades; ensure safety for students, staff, and community users; remove asbestos; renovate and build classrooms and student facilities; replace inadequate electrical, roofing, heating/ventilation and plumbing; improve disabled access and earthquake safety, and rehabilitate athletic facilities.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Election of 2006

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

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

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2008	Additions	Deductions	Balance, June 30, 2009	Amounts due within one year
2001	7/18/2001	8/1/2026	3.375% - 5.50%	\$ 20,820,000	\$ 17,140,000	\$ -	\$ 700,000	\$ 16,440,000	\$ 720,000
2002	7/30/2002	8/1/2027	3.00% - 6.00%	49,580,000	43,250,000	-	1,410,000	41,840,000	1,470,000
2004	5/13/2004	8/1/2028	4.50% - 5.50%	50,600,000	47,575,000	-	1,430,000	46,145,000	1,490,000
2006	8/22/2006	8/1/2031	4.00%-5.25%	79,920,000	79,920,000	-	1,940,000	77,980,000	2,015,000
				<u>\$ 200,920,000</u>	<u>\$ 187,885,000</u>	<u>\$ -</u>	<u>\$ 5,480,000</u>	<u>\$ 182,405,000</u>	<u>\$ 5,695,000</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2009-10	\$ 5,695,000	\$ 8,608,229	\$ 14,303,229
2010-11	5,920,000	8,360,929	14,280,929
2011-12	6,150,000	8,096,029	14,246,029
2012-13	6,380,000	7,811,048	14,191,048
2013-14	6,615,000	7,509,441	14,124,441
2014-19	37,315,000	32,483,992	69,798,992
2019-24	46,335,000	22,269,313	68,604,313
2024-29	52,610,000	9,630,922	62,240,922
2029-32	15,385,000	1,045,483	16,430,483
Total	<u>\$ 182,405,000</u>	<u>\$ 105,815,386</u>	<u>\$ 288,220,386</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

B. Capital Leases

The District leases equipment under agreement that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year	Principal Payments
2009-10	\$ 24,587
2010-11	24,587
2011-12	24,587
Total Payments	73,761
Less Interest	(6,324)
Total	\$ 67,437

This District will receive no sublease revenues from this equipment.

C. Early Retirement Incentive

During the 2008-09 fiscal year, the District agreed to provide an early retirement incentive to eligible employees who elected early retirement by June 30, 2009. Three employees, who met the requirement, elected early retirement. Two payments are being paid over a two year period starting June 30, 2009. The accumulated future liability for the District at June 30, 2009, amounts to \$27,470.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 9 – JOINT VENTURES

The Tamalpais Union High School District participates in a joint venture under a joint powers agreement (JPA), the Marin Schools Insurance Authority (MSIA). The relationship between the Tamalpais Union High School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

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

Condensed audited financial information for the year ended June 30, 2009 is as follows:

	<u>MSIA</u>
Total Assets	\$ 20,461,401
Total Liabilities	<u>12,036,248</u>
Fund Balance	<u>8,425,153</u>
Total Revenues	10,088,452
Total Expenditures	<u>4,347,782</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 5,740,670</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Construction Commitments

At June 30, 2009, the District had commitments with respect to unfinished capital projects of \$5.5 million to be paid from the 2006 general obligation bond.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2009.

NOTE 11 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2009, the District participated in the MSIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2009, the District participated in the MSIA public entity risk pool for workers compensation, with excess commercial coverage provided by Arch Insurance Company.

Employee Medical Benefits

The District has contracted with Alliant Insurance Services, Inc. to provide employee medical benefits through Kaiser and Health Net. Additional dental and vision benefits are provided through the MSIA public entity risk pool.

NOTE 12 - EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 12 - EMPLOYEE RETIREMENT PLANS (continued)

Plan Description and Provisions

Public Employees' Retirement System (PERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2008-09 was 9.428%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2008-09	\$ 1,487,376	100%
2007-08	\$ 1,409,693	100%
2006-07	\$ 1,455,250	100%

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 12 - EMPLOYEE RETIREMENT PLANS (continued)

State Teachers' Retirement System (STRS) (continued)

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2008-09 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2008-09	\$ 2,124,265	100%
2007-08	\$ 2,028,852	100%
2006-07	\$ 1,885,985	100%

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to STRS for K-12 education. These payments consist of state general fund contributions of approximately \$1.2 million to STRS (4.517% of salaries subject to STRS in 2008-09).

NOTE 13 – SUBSEQUENT EVENT

On July 28, 2009 Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009. The July budget package reduced, on a state-wide basis, \$1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

The District recorded the revenue and related receivable associated with its portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package prior to notification by the State that the 2009-10 re-appropriation should not be accrued. No adjustment has been made to reduce revenue and the related receivable in the financial statements as of June 30, 2009 because the amount of the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package is not deemed to be material to the District's financial statements.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 14 – FUND BALANCE

The board has designated \$1,479,209 of the ending balance in the General Fund at June 30, 2009 for carryover.

NOTE 15 – HOUSING LOAN

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

The current Superintendent has a loan outstanding of \$850,000, which is reported as a non-current asset on the Statement of Net Assets and on Other Financing Use on the Statement of Revenues, etc.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS

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

Plan Descriptions and Contribution Information

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits*	29
Active plan members*	473
Total	502
 Number of participating employers	 One

* As of October 1, 2008 actuarial valuation

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Descriptions and Contribution Information (continued)

Upon service or disability retirement from the District, employees of the District who meet certain eligibility requirements may continue (until age 65) health coverage under the District’s medical, dental, and vision plans for themselves and their eligible dependents. Medical plans that District retirees are eligible for include HMO’s (Kaiser and Health Net) and Health Net POS. Retirees may change their medical plan elections annually during open enrollment.

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

	Certificated & Management	Classified & Confidential
Age and service criteria	<ul style="list-style-type: none"> • Hired before 1/18/2000: 5 years of District service and eligible for retirement • Hired 1/18/2000 or later: 10 years of District service and eligible for retirement • Eligibility for retirement: <ul style="list-style-type: none"> ○ CalSTRS – age 55 & 5 years of service or age 50 & 30 years of service ○ CalPERS – age 50 & 5 years of service 	<ul style="list-style-type: none"> • Age 55 and 10 years of District service
Employer-paid portion of premiums: Full-time	<ul style="list-style-type: none"> • Up to composite rates for employees for Kaiser, Delta Dental and Vision Service ¹ 	<ul style="list-style-type: none"> • Up to composite rates for employees for Kaiser, Delta Dental and Vision Service
Employer-paid portion of premiums: Part-time	<ul style="list-style-type: none"> • .6 FTE or more: Same as full-time • Less than .6 FTE: Composites prorated based on FTE 	<ul style="list-style-type: none"> • Over .725 FTE: Same as full-time • Over .6 FTE, but less than .725 FTE: Up to 75% of composite • At least .5 FTE, but less than .6 FTE: Up to 50% of composite • Under .5 FTE: Ineligible

¹ 2008/09 monthly employee composite rates for Kaiser, Delta Dental, and Vision Service are \$861.68, \$126.53, and \$24.19 respectively.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Descriptions and Contribution Information (continued)

The District’s funding policy is based on contributions to the CalPERS Retiree Benefit Trust, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2008-09, the District contributed \$666,168.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

	<u>Amount</u>
Annual required contribution (ARC)	\$ 647,000
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	<u>647,000</u>
Contributions made:	
Contributions to trust	<u>(666,168)</u>
Total contributions made	<u>(666,168)</u>
Increase in net OPEB asset	(19,168)
Net OPEB asset - July 1, 2008	-
Net OPEB asset - June 30, 2009	<u><u>\$ (19,168)</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008-09 are as follows:

Year Ended	Annual Required Contribution	Percentage Contributed
<u>June 30,</u> 2009	<u>\$ 647,000</u>	<u>103%</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress – OPEB Plans

As of October 1, 2008, the most recent actuarial valuation date, the District had \$391,761 in the CalPERS Retiree Benefits Trust. The actuarial accrued liability (AAL) for benefits was \$5.1 million and the unfunded actuarial accrued liability (UAAL) was \$4.7 million.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	29 years
Asset Valuation	Market Value
Actuarial Assumptions:	
Investment rate of return	7.75%
Inflation	7.75%
Healthcare cost trend rate	7.75%

Required Supplementary Information

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue Limit Sources	\$ 41,359,117	\$ 41,566,788	\$ 41,627,412	\$ 60,624
Federal	784,954	993,647	1,371,100	377,453
Other State	2,039,227	2,118,216	1,972,732	(145,484)
Other Local	11,053,604	12,904,212	12,949,780	45,568
Total Revenues	<u>55,236,902</u>	<u>57,582,863</u>	<u>57,921,024</u>	<u>338,161</u>
Expenditures				
Certificated Salaries	25,233,482	25,201,497	25,017,532	183,965
Classified Salaries	8,769,110	8,844,468	8,753,345	91,123
Employee Benefits	10,712,110	10,688,698	10,516,075	172,623
Books and Supplies	2,523,242	5,061,473	2,695,185	2,366,288
Services and Other Operating Expenditures	6,868,353	7,516,196	6,341,627	1,174,569
Capital Outlay	136,000	654,110	589,064	65,046
Direct Support/Indirect Costs	(120,360)	(120,360)	(100,776)	19,584
Other Outgo	731,593	2,767,656	2,720,635	47,021
Total Expenditures	<u>54,853,530</u>	<u>60,613,738</u>	<u>56,532,687</u>	<u>4,120,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>383,372</u>	<u>(3,030,875)</u>	<u>1,388,337</u>	<u>4,458,380</u>
Other Financing Sources and Uses				
Interfund Transfers In	18,525	2,098,525	2,098,400	(125)
Interfund Transfers Out	(910,525)	(1,130,616)	(1,092,186)	38,430
Other Financing Uses	-	-	(850,000)	-
Other Financing Sources	-	91,405	91,405	-
Total Other Financing Sources and Uses	<u>(892,000)</u>	<u>1,059,314</u>	<u>247,619</u>	<u>38,305</u>
Net Change in Fund Balance	<u>(508,628)</u>	<u>(1,971,561)</u>	<u>1,635,956</u>	<u>4,496,685</u>
Fund Balances, July 1, 2008	<u>17,287,494</u>	<u>17,287,494</u>	<u>17,287,494</u>	<u>-</u>
Fund Balances, June 30, 2009	<u>\$ 16,778,866</u>	<u>\$ 15,315,933</u>	<u>\$ 18,923,450</u>	<u>\$ 4,496,685</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule – Deferred Maintenance Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other State	\$ -	\$ -	\$ 148,067	\$ 148,067
Other Local	20,000	20,000	19,779	(221)
Total Revenues	20,000	20,000	167,846	147,846
Expenditures				
Services and Other Operating Expenditures	-	12,000	2,773	9,227
Capital Outlay	700,000	688,000	534,528	153,472
Total Expenditures	700,000	700,000	537,301	162,699
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(680,000)	(680,000)	(369,455)	310,545
Other Financing Sources and Uses				
Interfund Transfers In	200,000	200,000	200,000	-
Total Other Financing Sources and Uses	200,000	200,000	200,000	-
Net Change in Fund Balances	(480,000)	(480,000)	(169,455)	310,545
Fund Balances, July 1, 2008	1,182,800	1,182,800	1,182,800	-
Fund Balances, June 30, 2009	<u>\$ 702,800</u>	<u>\$ 702,800</u>	<u>\$ 1,013,345</u>	<u>\$ 310,545</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2009

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2008	\$ 391,761	\$ 5,087,000	\$ 4,695,239	8.3%	\$ 34,748,000	13.5%

Supplementary Information Section

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2009

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

<u>GOVERNING BOARD</u>		
<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
John Wright	President	December, 2009
Bob Walter	Clerk	December, 2011
Susan Schmidt	Trustee	December, 2009
Cindy McCauley	Trustee	December, 2011
Ruth Dell	Trustee	December, 2009

DISTRICT ADMINISTRATORS

Laurie Kimbrel, Ed.D.,
Superintendent

Steven Butler,
Assistant Superintendent, Educational Services

Kathy Bennett, Ed.D.,
Assistant Superintendent, Human Resources

Lori Parrish,
Chief Business Official

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2009

	<u>Second Period Report</u>	<u>Annual Report</u>
Secondary:		
Grades 9 through 12	3,452	3,423
Continuation education	104	101
Home and hospital	2	2
Special education	67	65
Extended year non-public	<u>2</u>	<u>2</u>
 Total Secondary	 <u>3,627</u>	 <u>3,593</u>
Classes for Adults:		
Not concurrently enrolled	1	1
Adults enrolled	657	680
Independent study	<u>2</u>	<u>2</u>
 Total Adult Classes	 <u>660</u>	 <u>683</u>
 Total Average Daily Attendance	 <u><u>4,287</u></u>	 <u><u>4,276</u></u>
	<u>Hours of Attendance</u>	
<u>Supplemental Instruction Hours</u>		
Secondary	49,972	

See accompanying note to supplementary information.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2009

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>2008-09 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	[1]	64,800	64,831	180	Complied
Grade 10	[1]	64,800	64,831	180	Complied
Grade 11	[1]	64,800	64,831	180	Complied
Grade 12	[1]	64,800	64,831	180	Complied

[1] The District is unable to locate the 1982-83 actual instructional minutes information. Therefore, the District uses the 1986-87 minutes as their minimum required instructional minutes.

See accompanying note to supplementary information.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2009

General Fund	(Budget) 2010 ³	2009	2008	2007
Revenues and other financing sources	\$ 56,639,824	\$ 60,092,429	\$ 55,144,024	\$ 54,823,155
Expenditures	55,872,568	56,532,687	51,865,030	50,533,887
Other uses and transfers out	575,250	1,923,786	1,099,707	1,017,608
Total outgo	56,447,818	58,456,473	52,964,737	51,551,495
Change in fund balance (deficit)	192,006	1,635,956	2,179,287	3,271,660
Ending fund balance	\$ 19,965,457	\$ 18,923,450	\$ 17,287,494	\$ 15,108,207
Available reserves ¹	\$ 18,803,978	\$ 17,118,981	\$ 15,819,143	\$ 13,216,310
Available reserves as a percentage of total outgo	33.3%	29.3%	29.9%	25.6%
Total long-term debt	\$ 180,151,947	\$ 186,064,516	\$ 191,593,991	\$ 195,162,868
Average daily attendance at P-2 ²	3,539	3,627	3,671	3,727

The General Fund balance has increased by \$3,815,243 over the past two years. The fiscal year 2009-10 adopted budget projects an increase of \$192,006. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in none of the past three years and does not anticipate incurring an operating deficit during the 2009-10 fiscal year. Long-term debt has decreased \$9,098,352 over the past two years.

Average daily attendance has decreased by 100 over the past two years. A decrease of 88 ADA is anticipated during the 2009-10 fiscal year.

¹ Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund and Special Reserve Fund (Other than Capital Outlay).

² Excludes Adult Education ADA.

³ Revised budget September 2009.

See accompanying note to supplementary information.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Programs:			
U.S. Department of Agriculture:			
Passed through California Dept. of Education (CDE):			
National School Lunch	10.555	13523	\$ 71,125
Basic School Breakfast	10.553	13390	16,104
Especially Needy Breakfast	10.553	13526	11,802
USDA Commodities (non-cash assistance)	10.558	13389	7,875
Total U.S. Department of Agriculture			106,906
U.S. Department of Education:			
Passed through California Dept. of Education (CDE):			
Adult Basic Education (ABE):			
English as a Second Language	84.002	14508	41,030
Adult Secondary Education	84.002	13978	3,005
English Literacy Civics	84.002A	14109	27,394
Subtotal Adult Education Cluster			71,429
No Child Left Behind Act (NCLB):			
Title I, Part A, Basic Grants	84.010	14329	170,982
Title II, Part D, Enhancing Education Through Technology	84.318	14334	4,700
Title II, Part A, Improving Teacher Quality	84.367	14341	104,680
Title III, Immigrant Education	84.365	14346	27,654
Title III, Limited English Proficiency	84.365	10084	5,225
Title IV, Safe and Drug Free Schools	84.184	14347	10,437
Title V, Innovative Education	84.298	14354	5,798
Subtotal NCLB			329,476
Vocational Programs & Applied Tech Secondary	84.048	13924	61,843
Individuals with Disabilities Education Act (IDEA):			
Basic Local Assistance Entitlement, Part B	84.027	13379	404,596
Total U.S. Department of Education			867,344
Total Expenditures of Federal Awards			\$ 974,250

See accompanying note to supplementary information.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Note to the Supplementary Information
June 30, 2009

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code section 46201.

Schedule of Financial Trends and Analysis

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

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Supplementary Information - Unaudited

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Non-Major Governmental Funds Combining Balance Sheet - Unaudited
June 30, 2009

	Adult Education Fund	Cafeteria Fund	Special Reserve Fund for Other than Capital Outlay Projects	Foundation Special Revenue Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
ASSETS						
Cash	\$ 1,741,853	\$ 29,974	\$ 210,093	\$ 52,076	\$ 1,126,501	\$ 3,160,497
Accounts receivable	290,749	15,883	-	-	-	306,632
Inventories	-	20,857	-	-	-	20,857
Prepaid expenditures	3,217	-	-	-	-	3,217
Total Assets	\$ 2,035,819	\$ 66,714	\$ 210,093	\$ 52,076	\$ 1,126,501	\$ 3,491,203
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 129,690	\$ 4,131	\$ -	\$ -	\$ -	\$ 133,821
Due to other funds	15,635	38,305	-	-	1,811	55,751
Total Liabilities	145,325	42,436	-	-	1,811	189,572
Fund Balances						
Reserved for:						
Revolving cash	-	393	-	-	-	393
Inventories	-	20,857	-	-	-	20,857
Prepaid expenditures	3,217	-	-	-	-	3,217
Unreserved, reported in:						
Capital projects funds	-	-	-	-	1,124,690	1,124,690
Special revenue funds	1,887,277	3,028	210,093	52,076	-	2,152,474
Total Fund Balances	1,890,494	24,278	210,093	52,076	1,124,690	3,301,631
Total Liabilities and Fund Balances	\$ 2,035,819	\$ 66,714	\$ 210,093	\$ 52,076	\$ 1,126,501	\$ 3,491,203

See accompanying note to supplementary information - unaudited.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Non-Major Governmental Funds Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance - Unaudited
For the Fiscal Year Ended June 30, 2009

REVENUES	Adult Education Fund	Cafeteria Fund	Special Reserve Fund for Other than Capital Outlay Projects	Foundation Special Revenue Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
General Revenues:						
Federal and State aid not restricted to specific purpose	\$ 86,993	\$ -	\$ -	\$ -	\$ -	\$ 86,993
Earnings on investments	-	-	4,554	1,172	-	5,726
Program Revenues:						
Charges for services	809,276	485,243	-	-	-	1,294,519
Operating grants and contributions	1,733,686	138,172	-	-	-	1,871,858
Total Revenues	<u>2,629,955</u>	<u>623,415</u>	<u>4,554</u>	<u>1,172</u>	<u>-</u>	<u>3,259,096</u>
EXPENDITURES						
Instructional Services:						
Instruction	977,717	-	-	2,000	-	979,717
School site administration	635,130	-	-	-	-	635,130
Pupil Support Services:						
Food services	-	939,590	-	-	-	939,590
General Administration Services:						
Other general administration	100,776	-	-	-	-	100,776
Plant services	-	-	-	-	67,805	67,805
Facility acquisition and construction	6,862	-	-	-	-	6,862
Community services	729,180	-	-	-	-	729,180
Total Expenditures	<u>2,449,665</u>	<u>939,590</u>	<u>-</u>	<u>2,000</u>	<u>67,805</u>	<u>3,459,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>180,290</u>	<u>(316,175)</u>	<u>4,554</u>	<u>(828)</u>	<u>(67,805)</u>	<u>(199,964)</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	333,786	-	-	540,000	873,786
Total Other Financing Sources and Uses	<u>-</u>	<u>333,786</u>	<u>-</u>	<u>-</u>	<u>540,000</u>	<u>873,786</u>
Net Change in Fund Balances	180,290	17,611	4,554	(828)	472,195	673,822
Fund Balances, July 1, 2008	1,710,204	6,667	205,539	52,904	652,495	2,627,809
Fund Balances, June 30, 2009	<u>\$ 1,890,494</u>	<u>\$ 24,278</u>	<u>\$ 210,093</u>	<u>\$ 52,076</u>	<u>\$ 1,124,690</u>	<u>\$ 3,301,631</u>

See accompanying note to supplementary information - unaudited.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Note to the Supplementary Information - Unaudited
June 30, 2009

NOTE 1 – PURPOSE OF SCHEDULES

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

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

Other Independent Auditors' Reports



A Professional
Accountancy Corporation

Jeff Nigro, CPA

Elizabeth Nigro, CPA

Christy White, CPA

MURRIETA OFFICE
PH: 951.698.8783
FAX: 951.699.1064
25090 Jefferson Avenue
Murrieta, CA 92562

SAN DIEGO OFFICE
PH: 619.270.8222
FAX: 619.260.9085
2727 Camino Del Rio S.
Suite 219
San Diego, CA 92108

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Board of Trustees
Tamalpais Union High School District
Larkspur, California

**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**

We have audited the financial statements of Tamalpais Union High School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tamalpais Union High School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tamalpais Union High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tamalpais Union High School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tamalpais Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Tamalpais Union High School District in a separate letter dated December 2, 2009.

This report is intended solely for the information and use of the Board, management, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Nijm Nijm & White, PC".

Murrieta, California
December 2, 2009



A Professional
Accountancy Corporation

Jeff Nigro, CPA

Elizabeth Nigro, CPA

Christy White, CPA

MURRIETA OFFICE

PH: 951.698.8783

FAX: 951.699.1064

25090 Jefferson Avenue
Murrieta, CA 92562

SAN DIEGO OFFICE

PH: 619.270.8222

FAX: 619.260.9085

2727 Camino Del Rio S.
Suite 219
San Diego, CA 92108

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Larkspur, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of Tamalpais Union High School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Tamalpais Union High School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tamalpais Union High School District's management. Our responsibility is to express an opinion on Tamalpais Union High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tamalpais Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Tamalpais Union High School District's compliance with those requirements.

In our opinion, Tamalpais Union High School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Tamalpais Union High School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tamalpais Union High School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in a District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, management, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Murrieta, California
December 2, 2009



A Professional
Accountancy Corporation

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Elizabeth Nigro, CPA
Christy White, CPA

MURRIETA OFFICE
PH: 951.698.8783
FAX: 951.699.1064
25090 Jefferson Avenue
Murrieta, CA 92562

SAN DIEGO OFFICE
PH: 619.270.8222
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Larkspur, California

AUDITOR'S REPORT ON STATE COMPLIANCE

We have audited the basic financial statements of the Tamalpais Union High School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. Our audit was made 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-09*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

Description	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	8	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	Not applicable ¹
Regional Occupational Centers and Programs	6	Not applicable ¹
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not applicable
Community Day Schools	9	Not applicable
Morgan-Hart Class Size Reduction Program	7	Not applicable ¹

Description	Procedures in Audit Guide	Procedures Performed
Instructional Materials:		
General Requirements	12	1 ²
K-8 only	1	Not applicable ¹
Grades 9-12 only	1	Not applicable ¹
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Not applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Not applicable ¹
Class Size Reduction Program:		
General Requirements	7	Not applicable
Option One	3	Not applicable
Option Two	4	Not applicable
Districts with only one school serving K-3	4	Not applicable
After School Education and Safety Program:		
General Requirements	4	Not applicable
After School	4	Not applicable
Before School	5	Not applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not applicable
Mode of Instruction	1	Not applicable
Nonclassroom-Based Instruction/Independent Study	15	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not applicable
Annual Instructional Minutes – Classroom Based	3	Not applicable

¹ This program is not required to be audited per flexibility provisions in SBx3 4.

² The number of procedures to be performed was reduced per flexibility provisions in SBx3 4. Section 19828.3 procedures (b), (c), and (e) were not performed.

Based on our audit, we found that, for the items tested, the Tamalpais Union High School District complied with the state laws and regulations referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Tamalpais Union High School District had not complied with the state laws and regulations.

This report is intended solely for the information and use of the Board, management, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Murrieta, California
December 2, 2009

Findings and Questioned Costs Section

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	
<u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u>	
84.010	Title I, Part A, Basic Grants
84.367	Title II, Part A, Teacher Quality

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unqualified</u>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009

Section II – Financial Statement Findings

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2008-09.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009**

Section III – Federal Award Findings and Questioned Costs

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

There were no federal award findings or questioned costs in 2008-09.

**TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009**

Section IV – State Award Findings and Questioned Costs

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

There were no state award findings or questioned costs in 2008-09.

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2009

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2008-1: Associated Student Body (ASB) Accounting</i></p>	<p><u>Tamalpais High School</u>: Our test of cash disbursements included six expenditures that were incurred prior to the approval and two additional expenditures that were not paid from an original invoice.</p> <p><u>Sir Francis Drake High School</u>: Our sample of 20 expenditures included one disbursement that was issued prior to approval, seven purchases made prior to approval, and two disbursements that were lacking supporting documentation.</p> <p><u>Redwood High School</u>: Our sample of 20 cash disbursements included nine expenditures that were incurred prior to the approval.</p>	30000	<p>The student body should be approving all disbursements made out of the student body funds in accordance with a district policy that includes good internal controls and accounting practices.</p>	<p>Implemented, however, see Management Letter</p>
<p><i>Finding 2008-2: Fixed Asset Accounting</i></p>	<p>The District has not performed a physical inventory of capital assets since the initial inventory that was done to comply with GASB 34 in 2002-03. As a result, there may be equipment or other fixed assets that have been lost or stolen that have not been reported.</p>	20000	<p>The District needs to either contract with an outside company or assign an employee to the task of performing a physical inventory of capital assets owned by the District. Performing this procedure at least once every two years helps to minimize the possibility of assets being removed from inventory without District approval.</p>	<p>Implemented.</p>

TAMALPAIS UNION HIGH SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2009

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2008-3: Instructional Materials</i>	The District is required to make a determination through a resolution as to the sufficiency of textbooks or other instructional materials and to hold a public hearing or hearings required by the provisions of Education Code Section 60119 on or before the end of the eighth week from the first day pupils attended school for that year. The District held a public hearing to make a determination as to the sufficiency of textbooks or other instructional materials on or before the eighth week from the first day pupils attended school; however, the approved resolution omitted language that specified the materials were provided to each student, including English learners, that are aligned to the academic content standards and consistent with the cycles and content of the curriculum frameworks and the core subjects were not listed. In addition, the resolution did not include language stating whether sufficient textbooks or instructional materials were provided to each pupil enrolled in foreign language or health classes, and whether laboratory science equipment was available for science laboratory classes offered in grades 9-12.	70000	The District should be aware of language updates within resolutions and present the Board with a revised instructional materials resolution.	This requirement was not subject to audit in 2008-09.



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Christy White, CPA

MURRIETA OFFICE
PH: 951.698.8783
FAX: 951.699.1064
25090 Jefferson Avenue
Murrieta, CA 92562

SAN DIEGO OFFICE
PH: 619.270.8222
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2727 Camino Del Rio S.
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To the Board of Directors of
Tamalpais Union High School District
Larkspur, California

Our audit of the financial statements of Tamalpais Union High School District (the District) as of and for the year ended June 30, 2009 was planned and performed in accordance with auditing standards generally accepted in the United States of America. As such, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. However, our auditing procedures were not designed for the purpose of expressing an opinion on the effectiveness of the District's internal control. Our consideration of internal control was limited to procedures performed to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. Therefore, our procedures did not include testing the operating effectiveness of such controls and was not designed to discover significant deficiencies in internal control and, accordingly, we do not express an opinion on the effectiveness of the District's internal control.

As our consideration on internal control was for the limited purpose of expressing our opinion on the financial statement described in this letter, we would not necessarily identify all deficiencies in internal control that might be *significant deficiencies* or *material weaknesses* as those terms are defined by professional standards. Also, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by these controls.

As defined by professional standards, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned responsibilities, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

During the course of performing our procedures, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 2, 2009, on the financial statements of Tamalpais Union High School District.

Observation

Our testing over attendance revealed that attendance is not consistently authorized by the respective certificated personnel nor is the attendance reviewed for reasonableness. As a result, pupils who were recorded as present for only one or two periods could not be verified to original source documents as actually having attended. We found no incorrectly reported ADA as a result of this deficiency.

Recommendation

The State has authorized electronic attendance to be used by local education agencies, pending attendance internal control approval by the District auditor. The implementation and use of electronic attendance will help ensure appropriate supporting documentation is available and monitored in a timely manner, and ensure accurate attendance.

Observation

Our testing over Associated Student Body cash disbursements included one expenditure at Tamalpais High School that was lacking evidence of a receipt and two expenditures at Redwood High School that were not approved by the Student Council prior to purchase.

Recommendation

The student body should approve all disbursements made out of the student body funds in accordance with a District policy that includes good internal controls and accounting practices.

Observation

Our testing over Associated Student Body bank deposits revealed various school sites utilizing the student body bank account to account for administrative items, such as transcripts and lost text books. The fees are posted to this account and forwarded to the District Office.

Recommendation

The administrative amounts collected by the school site should only be deposited into the District's clearing account. The student body account should only be used to promote the general welfare, morale, and educational experiences of the students.

To the Board of Directors of
Tamalpais Union High School District
Page Three

Observation

Our testing of Associated Student Body bank deposits determined that a school site volunteer at Tamalpais High School has access to the code of the Student Council's safe.

Recommendation

As a safeguard to prevent potential loss of deposits, only authorized District employees should be allowed to enter the safe. No more than three District employees, such as the school bookkeeper, associated student advisor, and school principal, should have access to the safe. In limiting the amount of employees who have knowledge of the combination, the school site is reducing the likelihood for missing deposits.

This communication is intended solely for the information and use of the Board of Directors and management of Tamalpais Union High School District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Nigam Nigam & White, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 2, 2009