MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT

AUDIT REPORT

June 30, 2010

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CONTENTS

Page

Introduction and Citizens' Oversight Committee Member Listing 1
Independent Auditors' Report 2

FINANCIAL SECTION

Basic Financial Statements:
- Balance Sheet 4
- Statement of Revenues, Expenditures, and Changes in Fund Balance 5

Notes to Financial Statements 6

SUPPLEMENTARY INFORMATION

Schedule of Expenditures Tested 11
Schedule of Contracts Tested 12

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 13
Independent Auditors' Report on Performance 15

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Introduction and Citizens' Oversight Committee Member Listing
June 30, 2010

Tamalpais Union High School District (the "District") consists of three comprehensive high schools and two alternative schools supported by a District Office and an operations center. The District serves approximately 3,800 students.

On June 6, 2006, the voters of the Tamalpais Union High School District approved by more than 55% Measure "A", authorizing the issuance and sale of $79,920,000 of general obligation bonds. On August 22, 2006, the District issued the entire amount of the 2006 General Obligation Bonds in one series.

Measure "A" was a Proposition 39 bond, issued pursuant to the provisions of the Education Code of the State of California and pursuant to a resolution adopted by the Board of Education of the District. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond Proposition pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2010:

Name	Title	Representation
George Yandell	Chairperson	Parent of Child in District
Loraine Berry	Member	Senior Organization
Grace Hughes	Member	Business Community Member
Dick Johnson	Member	Community Member
Nancy P. McCarthy	Member	Taxpayer Organization
Ellin Purdom	Member	Parent of Child in District
Larry Litvak	Member	Parent of Child in District
Paul Waszink	Member	Community Member
Bill Levinson	Member	Community Member

The Board of Trustees and
The Citizens' Bond Oversight Committee
Tamalpais Union High School District
Larkspur, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of the Measure "A" 2006 General Obligation Bond Building Fund (the "Fund") of Tamalpais Union High School District (the "District") as of June 30, 2010, and the related statement of revenues, expenditures and changes in fund balance as of and for the fiscal year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 and performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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.

As discussed in Note 1A, the financial statements present only the individual Measure "A" 2006 General Obligation Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "A" 2006 General Obligation Bond Building Fund of Tamalpais Union High School District, as of June 30, 2010, and the results of its operations for the fiscal 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 October 1, 2010 on our consideration of the Measure "A" 2006 General Obligation Bond Building Fund of 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Measure "A" 2006 General Obligation Bond Building Fund of Tamalpais Union High School District's basic financial statements. The other supplementary information, which includes the Schedule of Expenditures Tested and the Schedule of Contracts Tested, 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 financial statements taken as a whole.

Nigro & Nigro, PC

October 1, 2010

Financial Section

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT

Balance Sheet

June 30, 2010

ASSETS		
Cash	$	10,665,204
Accounts receivable		2,775
Total Assets	$	10,667,979
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	296,042
Due to other funds		570
Total Liabilities		296,612
Fund Balance		
Unreserved		10,371,367
Total Liabilities and Fund Balance	$	10,667,979

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

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2010

REVENUES		
Interest earnings	$	177,235
Net increase (decrease) in the fair value of investment		162,707
Total Revenues		339,942
EXPENDITURES		
Plant Services:		
Classified salaries		(93,272)
Benefits		73,815
Materials and supplies		10,154
Services and other operating expenditures		(27,771)
Capital outlay		9,680,838
Total Expenditures		9,643,764
Excess (Deficiency) of Revenues Over (Under) Expenditures		(9,303,822)
OTHER FINANCING SOURCES (USES)		
Interfund transfer out		(120,000)
Net Change in Fund Balance		(9,423,822)
Fund Balance, July 1, 2009		19,795,189
Fund Balance, June 30, 2010	$	10,371,367

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On June 6, 2006 the District voters authorized $79,920,000 in General Obligation Bonds (Measure "A") to complete District-wide facility modernization programs, including technology upgrades and classroom renovation and reconstruction, and to bring all facilities up to District standards. In response, an advisory committee to the District's Governing Board and Superintendent, the Measure "A" 2006 Bond Oversight Committee, was established. The Committee's oversight goals include: informing the public concerning the expenditures of bond revenues, ensuring that the bond revenues are expended only for the purposes described in the Measure "A" ballot language, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.

The bond proceeds and uses are accounted for in the District's Building Fund, using sub-fund 24. The statements presented are for the individual Measure "A" 2006 General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. Accounting Policies

The Tamalpais Union High School District accounts for its financial transactions in accordance with the policies and procedures of the California 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).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements of the Measure "A" 2006 General Obligation Bond Building Fund are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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.

E. 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.

NOTE 2 – CASH

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.

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.

NOTE 2 – CASH (continued)

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Agency Securities	5 years	None	None
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	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 Fund maintains investments with the Marin County Pooled Investment with a fair value of approximately $10,686,534 and a book value of $10,665,204. The average weighted maturity for this pool is 281 days.

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 not required to be rated, nor has it been rated as of June 30, 2010.

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.

NOTE 3 – ACCOUNTS RECEIVABLE

At June 30, 2010, the Fund had $2,775 of accounts receivable, which represents amounts owed from miscellaneous local sources and refunds.

NOTE 4 – INTERFUND ACTIVITY

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate. 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.

A. Due To Other Funds

Building Fund due to General Fund for refund from PG&E	$	543
Building Fund due to General Fund for postage fees		27
Total	$	570

B. Interfund Transfers

Building Fund transfer to General Fund for Red Hill Community Park JPA project	$	120,000

NOTE 5 – MEASURE "A" 2006 GENERAL OBLIGATION BONDS

The bonds were authorized at an election of the registered voters of the District held on June 6, 2006, at which more than 55% of the voters authorized the issuance and sale of $79,920,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to complete District-wide facility modernization programs, including technology upgrades and classroom renovation and reconstruction, and to bring all facilities up to District standards.

Series 2006

On September 12, 2006, the District issued the entire bond authorization of $79,920,000 to acquire, construct, renovate, and equip certain District facilities. The bonds were issued as $69,425,000 Current Interest Serial Bonds having interest rates ranging between 4.0% - 5.0% and maturing from August 1, 2008 through 2029 and a Term Bond of $10,495,000 with a stated interest rate of 4.375% and maturing on August 1, 2031. At June 30, 2010, the outstanding balance on the bonds was $ 75,965,000.

NOTE 5 – MEASURE "A" 2006 GENERAL OBLIGATION BONDS (continued)

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2010, are as follows:

Fiscal Year	Principal	Interest	Total
2010-11	$ 2,095,000	$ 3,455,750	$ 5,550,750
2011-12	2,180,000	3,370,250	5,550,250
2012-13	2,270,000	3,281,250	5,551,250
2013-14	2,360,000	3,185,700	5,545,700
2014-15	2,460,000	3,083,275	5,543,275
2015-20	13,985,000	13,659,344	27,644,344
2020-25	17,735,000	9,794,064	27,529,064
2025-30	22,385,000	5,070,015	27,455,015
2030-32	10,495,000	464,078	10,959,078
Total	$ 75,965,000	$ 45,363,726	$ 121,328,726

NOTE 6 – CONSTRUCTION COMMITMENTS

As of June 30, 2010, the District had commitments with respect to unfinished capital projects of approximately $1.2 million to be paid from the Measure "A" funds.

NOTE 7 – CONTINGENCIES

The District is the plaintiff in a case against an architectural firm related to modernization project related to Tamalpais High School. The case is in mediation and has been continued until November 2010. In the opinion of management the outcome is uncertain, therefore no liability for a potential loss has been accrued in these financial statements.

Supplementary Information

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Expenditures Tested
For the Period Ended June 30, 2010

Date	Vendor	Warrant	Description	Amount	District	Tamalpais	Drake	Redwood	Carlisle
02/03/10	Air Systems of Sacramento, Inc.	881202	Co-generation system for pool	$ 68,570	$ -	$ -	$ 68,570	$ -	$ -
03/12/10	Air Systems of Sacramento, Inc.	885321	Co-generation system for pool	50,541	-	-	50,541	-	-
01/20/10	AT&T/MCI	879630	Local phone service	14	14	-	-	-	-
10/07/09	C Overaa & Co	869013	Hardscape project	93,063	-	93,063	-	-	-
10/07/09	C Overaa & Co	869015	Hardscape project	74,167	-	74,167	-	-	-
10/07/09	C Overaa & Co	869013	Pool project	525,970	-	525,970	-	-	-
10/07/09	C Overaa & Co	869015	Pool project	419,177	-	419,177	-	-	-
10/07/09	C Overaa & Co	869013	Field House project	78,106	-	78,106	-	-	-
10/07/09	C Overaa & Co	869015	Field House project	62,247	-	62,247	-	-	-
10/28/09	C Overaa & Co	871442	Pool project	325,335	-	325,335	-	-	-
10/28/09	C Overaa & Co	871442	Pool project	288,985	-	288,985	-	-	-
04/30/10	C Overaa & Co	890641	Pool project	385,641	-	385,641	-	-	-
04/30/10	C Overaa & Co	89641	Pool project	371,438	-	371,438	-	-	-
04/30/10	C Overaa & Co	890641	Hardscape project	108,520	-	108,520	-	-	-
01/20/10	C Oversaa & Co	879629	Pool project	623,373	-	623,373	-	-	-
01/22/10	C Oversaa & Co	880070	Pool project	370,423	-	370,423	-	-	-
01/22/10	C Oversaa & Co	880070	Pool project	141,226	-	141,226	-	-	-
01/22/10	C Oversaa & Co	880070	Pool project	108,497	-	108,497	-	-	-
01/22/10	C Oversaa & Co	880070	Pool project	81,412	-	81,412	-	-	-
01/22/10	C Oversaa & Co	880070	Field House project	105,460	-	105,460	-	-	-
02/26/10	C Oversaa & Co	883692	Pool project	144,017	-	144,017	-	-	-
02/26/10	C Oversaa & Co	883692	Pool project	543,185	-	543,185	-	-	-
10/28/09	CCS Presentation Systems	871462	Technology equipment	53,260	53,260	-	-	-	-
10/28/09	CCS Presentation Systems	871462	Technology equipment	4,973	4,973	-	-	-	-
03/03/10	Colbi Technologies, Inc.	884085	Install Account-Ability software application	4,750	4,750	-	-	-	-
04/09/10	Corlet Skaer & Devoto (CSDA)	888540	Modular classroom and irrigation design	163,511	-	-	-	163,511	-
09/04/09	FedEx	865896	Shipping charges	66	66	-	-	-	-
09/30/09	Ford Graphics	868306	Bond reproduction services	100	100	-	-	-	-
03/03/10	Johnson & Daly Moving Storage	884087	Move from corporate yard to VPC trailer	3,410	3,410	-	-	-	-
03/12/10	Knorr Systems Inc	885324	Install power window system	10,248	-	10,248	-	-	-
09/04/09	Mactec E&C Inc	865878	Geotechnical observation and testing	269	-	-	269	-	-
12/11/09	Marion Landscaping	876355	Landscaping	75,913	-	-	75,913	-	-
01/22/10	Marion Landscaping	880071	Landscaping	72,861	-	-	72,861	-	-
09/02/09	Nor Cal Constructin	865483	Technology classrooms	62,553	62,553	-	-	-	-
09/23/09	Nor Cal Constructin	867531	Building addition	82,171	-	-	-	-	82,171
10/28/09	Nor Cal Constructin	871471	Building addition	114,687	-	-	-	-	114,687
10/28/09	Roebbelen	871439	Six-plex construction project	329,930	-	-	329,930	-	-
10/28/09	Roebbelen	871440	Six-plex construction project	183,166	-	-	183,166	-	-
12/16/09	Roebbelen	876751	Six-plex construction project	224,820	-	-	224,820	-	-
11/06/09	Roebbelen	872782	Six-plex construction project	144,781	-	-	144,781	-	-
02/26/09	Roebbelen	883694	Pool project	137,082	-	-	137,082	-	-
11/06/09	Roseville Bank of Commerce	872783	Escrow fees	5,581	5,581	-	-	-	-
09/23/09	Russell, Richard D.	867558	Project inspection	2,760	-	-	-	-	2,760
10/16/09	Signet Testing Labs Inc	870323	Keyser project - field testing	156	-	156	-	-	-
12/02/09	Signet Testing Labs Inc	875066	Construction inspections and materials testing	200	-	200	-	-	-
05/05/10	Swift Tree Care	891094	Remove palm trees and repair fence	10,300	-	-	10,300	-	-
06/04/10	T.D.M. Inc	894587	Project inspection services	6,035	-	-	6,035	-	-
06/04/10	Vallier Design Associates Inc	894551	Landscaping architecture fees	23,735	-	-	23,735	-	-
08/28/09	Van Loon, Wayne	865083	Office supplies	70	70	-	-	-	-
07/31/09	Van Pelt Construction Services	862910	Construction management services	58,046	-	58,046	-	-	-
04/23/10	Van Pelt Construction Services	889977	Warranty/RCON claim prject	49,900	49,900	-	-	-	-
01/20/09	W K McLellan Co	879638	Playfield resurfacing	37,598	-	-	-	37,598	-
08/28/09	William-Scotsman, Inc.	865084	Construction trailer rental and relocation fee	1,869	-	1,869	-	-	-
01/14/10	WLC Architects	869935	Architectural services	1,997	-	1,997	-	-	-
12/16/09	WLC Architects	876783	Architectural services	1,416	-	-	1,416	-	-
			Invoices Tested	$ 6,837,581	$ 184,677	$ 4,922,758	$ 1,329,419	$ 201,109	$ 199,618
			Total Expenditures	9,643,764					
			Percent Tested	71%					

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT

Schedule of Contracts Tested

For the Period Ended June 30, 2010

Vendor	Description	Contract Amount	Change Order $	Final Amount	Billed Total	Change Order %	Work Completed
C. Overaa & Co.	Tamalpais Lease Lease Back	$ 11,700,000	$ 2,791,796	$ 14,491,796	$ 14,490,060	23.9%	100.0%
Nor Cal Construction	Tamalpais Classroom Building	239,000	49,145	288,145	264,919	20.6%	100.0%
Roebbelen	Redwood - Pool & Gym Project	9,736,000	975,379	10,711,379	9,414,782	10.0%	100.0%
Marion Landscaping	Drake - Landscaping	285,550	32,550	318,100	256,313	11.4%	100.0%

Other Independent Auditors' Reports

The Board of Trustees and
The Citizens' Bond Oversight Committee
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 accompanying balance sheet of the Measure "A" 2006 General Obligation Bond Building Fund of Tamalpais Union High School District (the "District") as of June 30, 2010, and the related statement of revenues, expenditures and changes in fund balance for the period then ended. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Measure "A" 2006 General Obligation Bond Building Fund of 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*.

This report is intended solely for the information and use of the Measure "A" 2006 Bond Oversight Committee, the District Governing Board, management, and the taxpayers of Tamalpais Union High School District and is not intended to be and should not be used by anyone other than the specified parties.

Nigro & Nigro, PC

October 1, 2010

The Board of Trustees and
The Citizens' Bond Oversight Committee
Tamalpais Union High School District
Larkspur, California

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

We have examined the Tamalpais Union High School District's (the "District") compliance with the performance requirements for the Proposition 39 Measure "A" 2006 General Obligation Bond for the fiscal year ended June 30, 2010, under the applicable provisions of Section 1(b)(3)(C) of Article XIIIA of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives
The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Tamalpais Union High School District Building Fund are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure "A" 2006.
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Bond Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2009 to June 30, 2010. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were also included within the scope of our audit. Expenditures incurred subsequent to June 30, 2010 were not reviewed or included within the scope of our audit or in this report.

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2010 for the Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure "A" 2006 with regards to the approved bond projects list. We performed the following procedures:

To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.

- We tested payments made to the construction management company and reviewed the terms of the contract.

- We tested approximately $7.0 million in bond fund invoices paid, which is a combination of 2009-10 expenditures and payments on liabilities accrued as of June 30, 2010 and paid in 2010-11. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to the construction management company, subcontractors and other vendors.

- We reviewed the approved project listing as set out in the Measure "A" 2006 election documents.

- We visited construction sites to ensure that expenditures made corresponded with the actual work performed at the site.

- We verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Building Fund were not used for salaries of school administrators or other operating expenses of the District.

- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.

- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

- We verified that the lease-leaseback agreement contained provisions or information that included the value of the lease, that the title to the improvements on the site vests with the District upon completion of the project, and that the lease shall terminate within 180 days of the filing of a notice of completion or occupancy of the project by the District, whichever occurs first.

- We verified that the District approved the site and adopted the design development prior to entering into the lease-leaseback agreement.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measure "A" 2006 General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Board of Trustees, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.

Nigro & Nigro, PC

October 1, 2010