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

AUDIT REPORT

December 31, 2008

NIGRO NIGRO &WHITE PC

A Professional Accountancy Corporation

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
AUDIT REPORT
December 31, 2008

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MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Introduction and Citizens' Oversight Committee Member Listing
December 31, 2008

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 4,000 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 December 31, 2008:

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

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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 December 31, 2008, and the related statement of revenues, expenditures and changes in fund balance as of and for the six-month period ended December 31, 2008. 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 December 31, 2008, and the results of its operations for the six-month period 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 February 8, 2009 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 performed 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 & White, PC

Murrieta, California
February 8, 2009

Financial Section

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

Balance Sheet

December 31, 2008

ASSETS		
Cash	$	33,782,236
Accounts Receivable		227,774
Total Assets	$	34,010,010
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	879,653
Fund Balance		
Unreserved		33,130,357
Total Liabilities and Fund Balance	$	34,010,010

The notes to the 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 Six Month Period Ended December 31, 2008

REVENUES		
Interest earnings	$	828,005
Other revenues		475
Total Revenues		828,480
EXPENDITURES		
Classified salaries		171,123
Benefits		51,658
Materials and supplies		1,925
Services and other operating expenditures		22,276
Capital outlay		18,450,103
Total Expenditures		18,697,085
Excess (Deficiency) of Revenues Over (Under) Expenditures		(17,868,605)
OTHER FINANCING SOURCES (USES)		
Interfund transfer out		(1,554,700)
Net Change in Fund Balance		(19,423,305)
Fund Balance, July 1, 2008		52,553,662
Fund Balance, December 31, 2008	$	33,130,357

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

MEASURE "A" 2006 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Notes to Financial Statements
December 31, 2008

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 AND INVESTMENTS

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 AND INVESTMENTS (continued)

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 $34,117,558 and a book value of $33,782,236. The average weighted maturity for this pool is 239 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 rated AAA/V1 by Fitch ratings.

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

Accounts receivable at December 31, 2008 in the amount of $227,774 represents the amount due from the County Treasurer for interest earnings for the quarter ended December 31, 2008.

NOTE 4 – 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.

Measure A

On August 22, 2006, the District issued the entire bond authorization, $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 December 31, 2008, the outstanding balance on the bonds was $77,980,000.

The annual requirements to amortize all general obligation bonds payable, outstanding as of December 31, 2008, are as follows:

Fiscal Year	Principal	Interest	Total
2008-09	$ -	$ 1,788,557	$ 1,788,557
2009-10	2,015,000	3,537,950	5,552,950
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
2013-18	12,840,000	14,856,569	27,696,569
2018-23	16,085,000	11,484,064	27,569,064
2023-28	20,450,000	7,050,203	27,500,203
2028-32	20,045,000	1,865,640	21,910,640
	$ 77,980,000	$ 50,690,233	$ 128,670,233

NOTE 5 – CONSTRUCTION COMMITMENTS

As of December 31, 2008, the District had commitments with respect to unfinished capital projects of approximately $13.3 million to be paid from the Measure "A" funds:

Description	Site	Amount	Expected Completion Date
Gym floor, bleachers, electrical	Drake	$ 44,743	Fall 2008
Pool	Drake	1,446,769	Fall 2008
Six plex	Drake	779,487	Fall 2009
Redhill field	Drake	165,545	Spring 2009
Pool	Redwood	35,466	Spring 2009
Tennis and basketball	Redwood	24,723	Spring 2009
Pool and gym	Redwood	1,203,425	Early 2009
Solar bracing	Redwood	41,659	Retention released January 2009
Fieldhouse	Tamalpais	982,424	Fall 2009
Keyser Hall	Tamalpais	1,510,976	Spring 2009
Parking and hardscape	Tamalpais	1,018,346	Fall 2009
Pool and weight room	Tamalpais	5,733,015	Fall 2009
Landscape and elevator	Tamalpais	338,913	Fall 2009
		$ 13,325,491	

NOTE 6 – INTERFUND TRANSFER

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.

During the period under audit, the District transferred $1,554,700 from the Building Fund into the General Fund for the Red Hill Community Park Project.

Supplementary Information

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

Schedule of Expenditures Tested

December 31, 2008

Date	Vendor	Warrant	Description	Amount	District	Tamalpais	Drake	Redwood	San Andreas	Tamiscal	Carlisle
07/23/08	Advanced Energy Systems, Inc.	2823503	Consulting Fees	$ 14,000	$ -	$ -	$ 14,000	$ -	$ -	$ -	$ -
12/17/08	Aruba Networks, Inc.	2840412	District Wide Wireless Service	4,429	4,429	-	-	-	-	-	-
12/19/08	C Overaa & Co	2841187	Elevator, Hardscape, Pool, & Field House	626,419	-	626,419	-	-	-	-	-
09/29/08	C Overaa & Co	2830507	Elevator, Hardscape, & Pool	292,762	-	292,762	-	-	-	-	-
11/12/08	C Overaa & Co	2836116	Landscape, Hardscape, Elevator, Parking,	360,840	-	360,840	-	-	-	-	-
10/31/08	California Pacific Bank	2834788	Tamalpais Keyser Hall	131,082	-	131,082	-	-	-	-	-
07/23/08	Corlett Skaer & Devoto	2823508	Pool & Gym	16,499	-	-	-	16,499	-	-	-
11/05/08	Corlett Skaer & Devoto	2835413	Redwood Pool & Gym/San Andreas Modu	47,126	-	-	-	16,405	30,721	-	-
12/12/08	Deems Lewis McKinley	2839830	Six-plex Architect Services	45,273	-	-	45,273	-	-	-	-
09/24/08	Enterprise Roofing Services	2829836	Reroof Project	45,781	-	-	-	45,781	-	-	-
10/22/08	Ford Graphics	2833448	District Wide Document Reproduction	998	998	-	-	-	-	-	-
09/24/08	H.Y. Floor & Gameline Painting	2829886	Gym Floor Replacement	220,107	-	-	220,107	-	-	-	-
10/31/08	M.A. Davies Builders, Inc.	2834853	Office Relocation	11,636	-	-	-	-	-	-	11,636
11/21/08	Mactec E&C, Inc.	2837489	Drake Pool Testing/Tamalpais Pool Constr	15,417	-	14,621	796	-	-	-	-
09/12/08	Mike Brown Grandstands, Inc.	2828589	Tempoprary Bleachers	12,960	-	-	12,960	-	-	-	-
07/23/08	Miller Brown & Dannis	2823513	Bond General Legal Services	6,050	6,050	-	-	-	-	-	-
09/19/08	Mobile Modular Management Corp	2829496	Portable Rental Fees	17,709	-	17,709	-	-	-	-	-
07/23/08	Neary Landscape, Inc.	2823515	MMWD Compliance	1,627	-	-	-	1,627	-	-	-
12/17/08	Nor Cal Construction	2840355	Modular Classroom	66,345	-	-	-	-	66,345	-	-
08/13/08	Plum Architects	2834785	Architect Services for Carlisle Modular Cl	37,279	5,400	-	-	-	-	-	31,879
10/31/08	Plum Architects	2825319	Architect Service	25,503	-	-	-	-	-	-	25,503
11/12/08	QA Consultants, Inc.	2836159	Gym, Pool, & Tennis Courts Inspection	17,766	-	-	-	17,766	-	-	-
08/13/08	Roebbelen	2825307	Gym Upgrades, Tennis & Basketball Court	1,019,591	-	-	-	1,019,591	-	-	-
12/19/08	Roebbelen	2841184	Tennis Courts, Gym & Pool	632,926	-	-	-	632,926	-	-	-
10/22/08	Roseville Bank of Commerce	2833455	Pool & Six-plex	70,737	-	-	70,737	-	-	-	-
08/13/08	Roseville Bank of Commerce	2805308	Pool, Gym, & Tennis Courts	113,288	-	-	-	113,288	-	-	-
10/24/08	Roseville Bank of Commerce	2833922	Tennis & Basketball Courts, Pool, Gym, &	74,508	-	-	-	74,508	-	-	-
11/21/08	San Rafael City Schools	2837492	Pool Rental	1,260	-	-	-	1,260	-	-	-
12/03/08	Sensible Environmental	2838554	Tennis Courts	8,832	-	-	-	8,832	-	-	-
07/23/08	Signet Testing Labs, Inc.	2823492	Redwood Pool/Tamalpais Keyser Hall	33,737	-	19,446	-	14,291	-	-	-
08/20/08	Signet Testing Labs, Inc.	2825992	Redwood Pool	13,098	-	-	-	13,098	-	-	-
12/17/08	Signet Testing Labs, Inc.	2840498	Tamalpais Keyser Hall	87,129	-	87,129	-	-	-	-	-
10/22/08	Stages Unlimited	2833453	Tempoprary Bleachers	2,290	-	-	2,290	-	-	-	-
08/29/08	T.D.M. Inc.	2827023	Site Inspections	33,280	-	-	33,280	-	-	-	-
08/29/08	Van Pelt Construction Services	2827024	Tamalpais Construction/District Wide Pro	126,755	57,105	69,650	-	-	-	-	-
10/03/08	Van Pelt Construction Services	2831294	Tamalpais Construction/District Wide Pro	128,018	57,130	70,888	-	-	-	-	-
10/01/08	West Bay Builders, Inc.	2830777	Tamalpais Keyser Hall	1,461,495	-	1,461,495	-	-	-	-	-
12/19/08	West Bay Builders, Inc.	2841143	Tamalpais Keyser Hall	1,387,056	-	1,387,056	-	-	-	-	-
10/03/08	WLC Architects Accounting	2831295	Tamalpais, Drake, & Redwood Announcer	12,864	-	10,738	1,063	1,063	-	-	-
10/31/08	WLC Architects Accounting	2834787	Tamalpais, Drake, & Redwood Announcer	15,423	-	13,245	1,089	1,089	-	-	-
			Invoices Tested	$ 7,239,895	$ 131,112	$ 4,563,080	$ 401,595	$ 1,978,024	$ 97,066	$ -	$ 69,018
			Total Expenditures	18,697,085							
			Percent Tested	39%							

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

Schedule of Contracts Tested

December 31, 2008

Vendor	Description	Contract Amount	Change Order	Final Amount	Billed Total	Change Order %	Work Completed
C Overaa & Co	Tamalpais Pool	$ 7,400,261	$ -	$ 7,400,261	$ 1,667,244	0.0%	22.5%
Roebbelen Contracting, Inc.	Redwood Pool	8,339,466	818,236	9,157,702	7,954,278	8.9%	86.9%
West Bay Builders	Tamalpais Keyser Hall	16,820,000	789,433	17,609,433	16,098,457	4.5%	91.4%

Other Independent Auditors' Reports

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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 December 31, 2008, and the related statement of revenues, expenditures and changes in fund balance for the six-month 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 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 presented or detected by the entity'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 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 & White, PC

Murrieta, California
February 8, 2009

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The Citizens' Bond Oversight Committee
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Larkspur, California

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

We have audited the financial statements of the Measure "A" 2006 Bond Building Fund of the Tamalpais Union High School District (the "District") as of and for the six-month period ended December 31, 2008 and have issued our report thereon dated February 8, 2009. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the Proposition 39 Measure "A" 2006 General Obligation Bond for the six-month period ended December 31, 2008. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds from the sale of the Measure "A" 2006 Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrator salaries.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovation of items which will relieve overcrowding, repair local schools and improve student safety conditions of the District.

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

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

2. We sampled three contracts and verified compliance with the Public Contract Code bid requirements, board approvals, that invoices paid were within the contract terms and change orders were approved.

3. We tested approximately $7.2 million in bond fund invoices paid, as of July 1, 2008 through December 31, 2008 and approximately $0.9 million in payments on liabilities accrued as of December 31, 2008, and paid in 2009 testing for validity, allowability and accuracy. Expenditures sampled in our test included payments made to the subcontractors and other vendors. When multiple payments were made to contractors during the year, we did not test each payment separately.

4. We inspected three school sites where 2008-09 construction work was performed (Tamalpais High, Redwood High, and Sir Frances Drake High) and verified that the construction work performed was in accordance with Measure "A" purposes.

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

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

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

Nigro Nigro & White, PC

Murrieta, California
February 8, 2009