TAMALPAIS UNION HIGH SCHOOL DISTRICT

2006 GENERAL OBLIGATION BOND
FINANCIAL REPORT
JUNE 30, 2007

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
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JUNE 30, 2007

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Governing Board
Tamalpais Union High School District
Larkspur, California

We have audited the accompanying financial statements of the 2006 General Obligation Bond of the Tamalpais Union High School District, as of and for the period of September 12, 2006 (date of bond issuance) through June 30, 2007, as listed in the table of contents. 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. 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 1, the financial statements present only the 2006 General Obligation Bond and do not purport to, and do not, present fairly the financial position and results of operations of the Tamalpais Union High School District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 2006 General Obligation Bond of the Tamalpais Union High School District at June 30, 2007, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplemental information 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.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
October 25, 2007

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
BALANCE SHEET
JUNE 30, 2007

ASSETS	
Cash and cash equivalents	$ 2,972,951
Investments	73,609,217
Accounts receivable	25,888
Due from other funds	13,930
Total Assets	$ 76,621,986
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	$ 1,315,714
FUND EQUITY	
Fund balances	
Designated	414,272
Undesignated	74,892,000
Total Fund Equity	75,306,272
Total Liabilities and Fund Equity	$ 76,621,986

The accompanying notes are an integral part of these financial statements.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE PERIOD ENDED JUNE 30, 2007

REVENUES	
Interest income	$ 2,170,207
Unrealized gain on investments	414,272
Total Revenues	2,584,479
EXPENDITURES	
Current Expenditures	
Classified salaries	383,592
Employee benefits	103,751
Supplies	95,384
Services and operating expenditures	992,995
Capital outlay	
Architectural services	2,161,931
Permanent construction	2,230,370
Construction management	1,208,890
Other capital outlay	21,294
Total Expenditures	7,198,207
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,613,728)
OTHER FINANCING SOURCES/(USES)	
Bond Proceeds	79,920,000
NET CHANGE IN FUND BALANCE	75,306,272
FUND BALANCE, Beginning of Year	-
FUND BALANCE, End of Year	$ 75,306,272

The accompanying notes are an integral part of these financial statements.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Tamalpais Union High School District 2006 General Obligation Bond conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Tamalpais Union High School District 2006 General Obligation Bond account for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the 2006 General Obligation Bond of the Tamalpais Union High School District. This fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bond Election of 2006. The authorized bond issuance amount of $79,920,000 has been sold. These financial statements are not intended to present fairly the financial position and results of operations of the Tamalpais Union High School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the 2006 General Obligation Bond are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (or retained earnings), revenues, and expenditures (or expenses). Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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 Tamalpais Union High School District 2006 General Obligation Bond are accounted for under the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on long-term debt, which is recognized when due.

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation 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. No amounts were reserved at June 30, 2007.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Supplemental taxes for repayment of bond proceeds are collected by the County of Marin from all taxable property within the District and deposited in the Bond Interest and Redemption Fund of the District. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10, and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Marin bills and collects the taxes for the District. The District recognizes tax revenues when received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – 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. The District has purchased certain investments as listed below through the Marin County Treasurer.

Investment 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. The weighted average maturity of investments in the portfolio is less than one year.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Investments at June 30, 2007, held on behalf of the 2006 General Obligation Bond fund of the Tamalpais Union High School District consist of the following:

	Fair Value	Weighted Average Maturity in Years
U. S. Treasuries	$ 15,250,427	67
U. S. Agencies	58,358,790	180
Deposits with county treasurer	2,972,951	238
	$ 76,582,168	

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2007, consist of interest due from the Marin County Treasury in the amount of $25,888.

NOTE 4 – INTERFUND TRANSACTIONS

At June 30, 2007 there was $13,930 due form the District's General Fund for lease payments on portable classrooms.

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2007, consists of the following:

Permanent Construction	$ 700,008
Architectural Fees	476,503
Construction Management	105,953
Others	33,250
Total	$ 1,315,714

NOTE 6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Designated	
Investment fair value adjustment	$ 414,272
Undesignated	74,477,728
	$ 75,306,272

NOTE 6 – BOND PROCEEDS AND LONG-TERM DEBT

In September 2006, the District issued $79,920,000 in general obligation bonds at a premium of $2,503,154 with maturity dates starting in August 2008 through August 2031 at interest rates ranging from 4.0% to 5.0%. Proceeds in the amount of $79,920,000 were recorded in the building fund which consisted of the principal amount of the bonds. The remainder of the proceeds was deposited into the District's bond interest and redemption fund net of the cost of issuance of $527,472. The bond interest and redemption fund will be used for the purpose of collecting the tax revenue and making the payments on the bonds. The financial information related to that fund is not included in these financial statements.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2007, the Building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Summer 2006 Irrigation Projects-Sir Francis Drake and Redwood High School	$ 518,080	through 8/31/07
District Wide Technology Upgrade	948,198	through 10/31/07
District Wide Wireless Network System	309,758	through 10/31/07
Baseball Field- Sir Francis Drake High School	1,060,216	through 10/31/07
W. Parking Lot/ Fire Road- Redwood High School	2,066,353	through 10/31/07
Total	$ 4,384,526	

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

As of June 30, 2007, the Building fund has the following commitments with respect to portable building leases:

Fiscal Year Ending	
2008	$ 8,484
2009	8,484
2010	7,342
	$ 24,310

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BOND
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	$ 2,144,319
Payments to suppliers	(5,409,080)
Payments to employees	(487,343)
Net Cash Used by Operating Activities	(3,752,104)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment purchases	(119,019,915)
Maturities	45,824,970
Net Cash Used by Investing Activities	(73,194,945)
CASH FLOWS FROM FINANCING ACTIVITIES	
Bond proceeds	79,920,000
Net Cash Provided by Financing Activities	79,920,000
NET INCREASE IN CASH	2,972,951
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,972,951
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (4,613,728)
Adjustments to reconcile operating income/(loss) to net cash flows from operating activities	
Investment fair value adjustment	(414,272)
Changes in assets and liabilities	
(Increase)/decrease in:	
Interest receivable	(25,888)
Due from other funds	(13,930)
Increase/(decrease) in:	
Accounts payable	1,315,714
Net Cash Flows Used by Operating Activities	$ (3,752,104)

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
2006 GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
AS OF JUNE 30, 2007

	Budget	Actual 2006-07	Variances Positive (Negative)
REVENUES			
Interest income	$ 3,389,737	$ 2,170,207	$ (1,219,530)
Unrealized gain on investments	-	414,272	-
Total Revenues	3,389,737	2,584,479	(1,219,530)
EXPENDITURES			
Current Expenditures			
Classified salaries	1,892,470	383,592	1,508,878
Employee benefits	586,847	103,751	483,096
Supplies	175,000	95,384	79,616
Services and operating expenditures	5,750,872	992,995	4,757,877
Capital outlay			
Architectural services	4,482,535	2,161,931	2,320,604
Permanent construction	60,062,553	2,230,370	57,832,183
Construction management	5,434,513	1,208,890	4,225,623
Other capital outlay	4,924,947	21,294	4,903,653
Total Expenditures	83,309,737	7,198,207	76,111,530
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(79,920,000)	(4,613,728)	74,892,000
OTHER FINANCING SOURCES/(USES)			
Bond proceeds	79,920,000	79,920,000	-
Total Other Financing Sources/(Uses)	79,920,000	79,920,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	$ -	$ 75,306,272	$ 74,892,000

TAMALPAIS UNION HIGH SCHOOL DISTRICT

2006 GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
REPORT
JUNE 30, 2007

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Governing Board and
Citizens' Fiscal Oversight Committee
Tamalpais Union High School District
Larkspur, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Tamalpais Union High School District and the Citizen's Fiscal Oversight Committee, to review 25% of the expenditures of 2006 General Obligation Bond for the period of September 12, 2006 (date of bond issuance) to June 30, 2007 for the purpose of verifying if the use of the funds is within the scope of the published materials specifying the intended use of bond funds. We used election documents, District resolutions, and the master plan as the guidance for the intended use of the funds. For any expenditure in question, we recommended that the District obtain the opinion of legal counsel and we informed this committee as to the issues. Management is responsible for Tamalpais Union High School District's compliance with election documents, district resolutions, and the master plan. This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in Subparagraph (C) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Financial Summary

1. The general obligation bond funds were authorized at an election of the registered voters of the District held on June 6, 2006. The bonds were authorized at an issuance of $79,920,000 principal amount for the purpose of financing specific construction and modernization projects approved by the voters and to pay costs of issuance of the Bonds. The District issued the entire authorized amount in September 2006.
2. Total expenditures and commitments through June 30, 2007, were $11,582,732.

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3. An analysis of expenditures is as follows:

	9/12/06 to 06/30/07
Expenditures	
Salaries and benefits	$ 487,343
Supplies	95,384
Services	992,995
Capital outlay	
Architectural services	2,161,931
Permanent construction	2,230,370
Construction management	1,208,890
Other capital outlay	21,294
Total expenditures	$ 7,198,207
Contract commitments, June 30, 2007	4,384,526
Total expenditures and commitments	$ 11,582,733

General obligation bonds proceeds, series 2006	$ 79,920,000
	2,170,207
Total expenditures and commitments	(11,582,733)
Amount of undesignated fund balance available	$ 70,507,474

Agreed Upon Procedures Performed

1. Verify that the expenditure of funds were accounted for separately in the accounting records to allow for accountability.

2. Select at least 25% of all the expenditures by project and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, district resolutions, and the priority list that were distributed to the voters.

3. Verify that the District's internal control procedures are operating according to District policies.

4. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

Results of Procedures

1. The general obligations bond fund expenditures were accounted for separately in the building fund of the District.

2. Our review of the expenditures for the period September 12, 2006 (date of bond issuance) through June 30, 2007, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on June 6, 2006. See supplemental information for list of expenditures reviewed.

We did not request that management of the District obtain any legal opinions on expenditures for the period of September 12, 2006 (date of bond issuance) to June 30, 2007.

3. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the internal control policies of the District.

4. Our review of the awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and the District.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Tamalpais Union High School District and the Citizen's Fiscal Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
October 25, 2007

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND 2006 GENERAL OBLIGATION BOND RESOURCE EXPENDITURES
SEPTEMBER 12, 2006 TO JUNE 30, 2007

Warrant #	Date	Object Code	Site Code	Vendor	Invoice#	Description as indicated by invoice	Amount
755148	12/13/2006	6210	Drake	Deems Lewis Mckinley	103387	Replace Gym Floor/Bleachers- Grp C- DHS	$ 48,825.00
			Drake	Deems Lewis Mckinley	103388	Pool/Ext Basketball Replacement- Grp E	54,705.00
			Drake	Deems Lewis Mckinley	103389	Creekside Portables Replacement- Group G	8,760.00
760010	1/31/2007	5840	District	Mobile Modular Management Corp.	2378552	Expenditure Related to Lease of Mobile Modulars	6,855.00
768754	4/13/2007	6210	Corp Yard	Corlett Skaer & Devoto	70226	Corp Yard/ Tamiscal Group A Storage Building	12,975.01
			Redwood	Corlett Skaer & Devoto	70221	RHS Grp A Pkg. Lot & Fire Road Replacement	44,883.91
			Redwood	Corlett Skaer & Devoto	70222	RHS Group C Gym Upgrades	22,521.37
			Redwood	Corlett Skaer & Devoto	70223	RHS Group B Pool Replacement	265,135.16
			Redwood	Corlett Skaer & Devoto	70224	RHS Group D Repaving Hardcourts	8,593.20
			Drake	Corlett Skaer & Devoto	70225	SAHS Group A Modular Bldg Install	5,322.81
778735	6/27/2007	6240	Tamalpais	AMS.NET	116923 A	VOIP- Product, Software and Installation	109,904.65
			Redwood	AMS.NET	116923 A	VOIP- Product, Software and Installation	125,326.89
			Redwood	AMS.NET	116923 B	VOIP- Product, Software and Installation	9,064.77
			Redwood	AMS.NET	116923 C	VOIP- Product, Software and Installation	19,411.60
753922	12/4/2006	6240	Drake	Bauman Landscape/Mcguire & Hester	8891- App #1	DHS Irrigation /Landscaping Historic Lawn	189,354.00
			Redwood	Bauman Landscape/Mcguire & Hester	8891- App #1	RHS Landscape/Irrigation	17,000.00
756838	11/22/2006	6240	Redwood	Bauman Landscape/Mcguire & Hester	8985-App #2	RHS Landscape/Irrigation thru Oct 2006	8,910.00
			Redwood	Bauman Landscape/Mcguire & Hester	9068-App #3	RHS Landscape/Irrigation thru Nov 2006	17,749.60
			Redwood	Bauman Landscape/Mcguire & Hester	9068-App #3	RHS Landscape/Irrigation thru Nov 2006	42,837.00
			Redwood	Bauman Landscape/Mcguire & Hester	9068-App #3	RHS Landscape/Irrigation thru Nov 2006	166,280.00
778042	6/22/2007	6240	Tamalpais	AMS.NET	116860B	VOIP District wide	4,694.29
			Tamalpais	AMS.NET	116860C	VOIP District wide	13,897.78
			Tamalpais	AMS.NET	116860A	VOIP District wide	163,503.28
			Drake	AMS.NET	116860A	VOIP District wide	163,503.27
			Drake	AMS.NET	116860B	VOIP District wide	4,694.29
			Drake	AMS.NET	116860C	VOIP District wide	13,897.78
763630	3/2/2007	6210	Corp Yard	Corlett Skaer and Devoto	61225	Corp Yd/Tamiscal Storage Bldg	17,912.63
			Redwood	Corlett Skaer and Devoto	61219	RHS West Pkg Lot and Fire Road Replacement	19,480.40
			Redwood	Corlett Skaer and Devoto	61220	RHS Pkg Lot Add'l West of Gym	10,081.50
			Redwood	Corlett Skaer and Devoto	61221	RHS Gym Upgrades	13,512.83
			Redwood	Corlett Skaer and Devoto	61222	RHS Pool Replacement-	177,653.93
			Redwood	Corlett Skaer and Devoto	61223	RHS Repaving Hardcourts	5,370.75
			San Andreas	Corlett Skaer and Devoto	61224	SAHS Modular Bldg Install	3,943.35
773461	5/18/2007	6210	Drake	Deems Lewis Mckinley	103584	DHS Group E Swim Pool	446.00
			Drake	Deems Lewis Mckinley	103585	DHS Grp B- Pkg Lot/ Hardcourt Replacement- Feb	17,160.00
			Drake	Deems Lewis Mckinley	103586	DHS Grp G-Creekside Portables	24,090.00
			Drake	Deems Lewis Mckinley	103587	DHS Grp E- Swim Pool	42,982.50
			Drake	Deems Lewis Mckinley	103593	DHS Grp E- Swim Pool	358.75
783524	8/20/2007	6281	Drake	Vanir Construction Management	P98210 May	DHS Construction Management	51,600.00

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Governing Board
2006 General Obligation Bond of
Tamalpais Union High School District
Larkspur, California

In May 2006, the AICPA issued Statement on Auditing Standards No. 112 *Communicating Internal Control Related Matters Noted in an Audit*, which became effective for audits of financial statements for years ending after December 15, 2006. This new standard, in effect for the District's year-end audit date of June 30, 2007, defines the terms "significant deficiency" and "material weakness", provides guidance on evaluating the severity of a control deficiency, and requires us to communicate in writing with you and management about any significant deficiencies or material weaknesses identified during an audit of financial statements. This statement has bearing on the District's audit because, for the first time, it included as a specific example of a control deficiency the material misstatement of financial statements identified during the course of the audit and lowered the threshold at which observations are deemed control deficiencies. This statement also made it clear that internal controls over financial reporting include the preparation of financial statements in accordance with generally accepted accounting principles.

In planning and performing our audit, we considered 2006 General Obligation Bond of Tamalpais Union High School District's internal control over financial reporting (internal control) as a basis for designing our audit 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 internal controls. We are not expressing an opinion on the District's internal controls; however, we present the observation below for your consideration.

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 a 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. We consider the following observation to be significant deficiency in internal control.

Observation - Government Accounting Standards Board (GASB) Statement 31 requires that investments be recorded at fair value in the financial statements. We noted during the audit that the investments held in the Bond Fund were recorded at cost rather than fair market values at June 30, 2007. As a result, an audit adjustment was made in the amount of $414,272 to record the investments at fair value.

Recommendation - We recommend that the District record the investments at fair market value in accordance with generally accepted accounting principles. The County Treasurer provides this information in its treasury reports that the District uses to reconcile the cash in county treasurer and can be used for this purpose.

Our consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses

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This communication is intended solely for the information and use of the governing board, management, the Citizen's Fiscal Oversight Committee, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
October 25, 2007

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND 2006 GENERAL OBLIGATION BOND RESOURCE EXPENDITURES (CONTINUED)
SEPTEMBER 12, 2006 TO JUNE 30, 2007

Warrant #	Date	Object Code	Site Code	Vendor	Invoice#	Description as indicated by invoice	Amount
			Redwood	Vanir Construction Management	P98210 May	RHS SW Construction Management	51,600.00
			Redwood	Vanir Construction Management	P98210 May	RHS SW Construction Management	841.27
779477	6/29/2007	6281	Drake	Vanir Construction Management	P98209 Apr	Bond project Management services- DHS	54,046.47
			Drake	Vanir Construction Management	P98208 Mar	Bond Project Management Services- DHS	34,628.03
			Redwood	Vanir Construction Management	P98209 Apr	Bond Project Management Services- RHS	54,046.47
			Redwood	Vanir Construction Management	P98208 Mar	Bond Project Management Services- RHS	34,628.02
770440	4/27/2007	6281	Redwood	Vanir Construction Mangement	P98207 Feb	Bond Project Management Services- RHS	26,880.26
			Drake	Vanir Construction Mangement	P98207 Feb	Bond Project Management Services- DHS	26,880.26
765375	3/16/2007	5849	Tamalpais	Mactec E&C Inc.	8243167	THS Pool & Field House Geotech Consulting	27,495.96
767088	3/30/2007	5849	Drake	Mactec E&C Inc.	8246357	DHS Geotech Services for Feb	13,326.63
						Invoices Tested	2,257,572
						Total Expenditures	7,198,207
						Percent Tested	31%