TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
REPORT
JUNE 30, 2004

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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 2001 General Obligation Bond funds for the period of January 1, 2004 to June 30, 2004 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, the master plan and the revised master plan as the guidance for the intended use of the funds. For any expenditures 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, master plan, and the revised 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 March 6, 2001. The bonds were authorized at an issuance of $121,000,000 principal amount for the purpose of financing the addition and modernization of school facilities. The first series of the bonds were issued in 2001 and sold in the amount of $20,820,000. The second series of the bonds were issued in 2002 and sold in the amount of $49,580,000. The third and final series was issued in 2004 and sold in the amount of $50,600,000.

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2. Total expenditures and commitments through June 30, 2004, were $87,587,437.

3. An analysis of expenditures is as follows:

Expenditures	Prior Periods	1/1/2004 to 06/30/04	Total
Salaries and benefits	$ 698,745	$ 248,030	$ 946,775
Supplies	55,935	17,992	73,927
Services	2,984,130	1,226,563	4,210,693
Capital outlay			
Architectural services	9,054,741	1,252,652	10,307,393
Permanent construction	25,284,681	13,629,605	38,914,286
Construction management	2,982,800	1,182,879	4,165,679
Other capital outlay	757,641	458,339	1,215,980
Total expenditures	$41,818,673	$18,016,060	59,834,733
Contract commitments, June 30, 2004			27,752,704
Total expenditures and commitments			$ 87,587,437

Available unspent funds from the first and second bond series as of June 30, 2004 are:

General obligation bonds proceeds, series 1	$20,820,000
General obligation bonds proceeds, series 2	49,580,000
General obligation bonds proceeds, series 3	50,600,000
Interest earned in building fund	2,230,636
Bond project expenditures funded by federal repair and renovation grant	149,040
Bond project expenditures funded by state grants	13,933,688
Total expenditures and commitments	(87,587,437)
Amount available	$49,725,927

Agreed Upon Procedures Performed

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

2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the building and bond interest and redemption funds.

3. Select 25% of the expenditures at each location 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, master plan, and revised master plan that were distributed to the voters. Focus on expenditures related to teacher stipends for moving, construction change orders, and maintenance overtime, and time and materials contracts exceeding $100,000. See supplemental information for list of expenditures reviewed.

4. Verify that District's internal control procedures are operating according to District policies. See supplemental information for list of expenditures reviewed.

5. 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. The net proceeds from the sale of the general obligation bonds were deposited into the appropriate accounts within the building and the bond interest and redemption funds.

3. Our review of the expenditures for the period January 1, 2004, through June 30, 2004, 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 March 6, 2001. 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 January 1, 2004 to June 30, 2004.

   Approved change orders during the period were $1,944,108, of which 27% were reviewed for board approval, and which did not reveal any items that did not comply with the bond purpose. See supplemental information for list of change orders reviewed.

   Moving stipends for teachers and others during the period totaled $58,737, of which 32% were reviewed for move pay authorization and which did not reveal any items that did not comply with the bond purpose. See supplemental information for list of moving stipends reviewed.

   Maintenance overtime during the period totaled $17,917, of which 33% were reviewed for documentation on separate time cards as hours worked for modernization projects and did not reveal any items that did not comply with the bond purpose. See supplemental information for list of maintenance overtime charges reviewed.

   There were no time and materials contracts exceeding $100,000 entered into between January 1, 2004 and June 30, 2004.

4. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the internal control policies of the District. We noted that five of ten invoices selected for review were not processed for payment within 30 days of receipt, however all invoice cover forms contained explanations on delays. Four of the five delays were due to clarifications needed or closeout materials pending. One delay was due to misplacement of invoice during District year end closing.

5. 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
September 23, 2004

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES
JANUARY 1, 2004 TO JUNE 30, 2004

Check Date	Object Code	Vendor	Description as indicated by invoice	Amount	District - wide 001	Corp Yard 007	District Office 051	Tamalpais 052	Drake 053	Redwood 054	San Andreas 055	Tamiscal 056
3/29/2004	6240	Alten Construction	Construction services - January	14,979	-	14,979	-	-	-	-	-	-
AP	6240	Arntz Builders	Construction services for June and payment of retention to bank	1,690,436				1,690,436				
AP	6240	Arntz Builders	Construction services for June and payment of retention to bank	927,342						927,342		
1/28/2004	5849	Clark Pest Control	Investigate wood issues at Gym - Dec 03	8,000	-	-	-	8,000	-		-	-
6/25/2004	6240	CDW Government Inc	HP Procurve Gig switches	17,378			17,378					
6/25/2004	6240	CDW Government Inc	HP Prolian DL3EOR	12,275			12,275					
AP	5849	Davis Wahl LLP	Master Architect Svc - May & June	25,872	25,872	-	-	-	-	-	-	-
3/22/2004	6210	Deems Lewis McKinley	Design services 1/1 to 1/31	217,945	-	-	-	-	217,945	-	-	-
3/24/2004	5840	Johnson & Daly Moving & Storage	Jan 2004 move Science teachers at Tamalpais High School	19,645	-	-	-	19,645	-	-	-	-
AP	6220	Kleinfelder Inc	Consulting services Technician-June	3,835	-	-	-	3,835	-	-	-	-
AP	5829	Miller Brown & Dannis	Legal services to 6/25/04 related to 2004 construction issues	7,200	7,200	-	-	-	-	-	-	-
AP	5625	Mobile Modular Management Corp	Monthly lease payment for portable classrooms - 1st payments starting 5/04	46,992	-	-	-	46,992	-	-	-	-
4/23/2004	5840	Nor Cal Moving Svcs	Moving charges - March 5, 2004	29,275	-	-	-	-	-	29,275	-	-
AP	5840	Nor Cal Moving Svcs	Moving charges - May 25, 2004	31,580	-	-	-	31,580	-	-	-	-
1/04 - 6/04	2990	V Anne Chernock	Salary - modernization director	56,718	56,718	-	-	-	-	-	-	-
3/22/2004	6210	Quattrocchi & Kwok	Architect services 1/1-1/31	196,941	-	-	-	196,941	-	-	-	-
3/10/2004	5855	Division of State Architects	Increment 2 - 4 new modular classrooms	10,420							10,420	
6/25/2004	6240	Robert A. Bothman Inc	Contractor services Redwood Fields June 2004	1,318,973	-	-	-	-	-	1,318,973	-	-
6/30/2004	5849	Sensible Environmental	Hazardous Materials Consulting - Jan to May	31,444	-	-	-	31,444	-	-	-	-
5/20/2004	5860	Various Employees	Stipends for March 2004 moves	16,962	-	-	-	-	-	16,962	-	-
AP	6240	Valleycrest Landscape Development	Construction Services for June and payment of retention to bank	739,344	-	-	-	-	739,344	-	-	-
6/30/2004	6281	Vanir Construction management	Construction Management services for April 2004	68,663	68,663							
6/30/2004	6281	Vanir Construction management	Construction Management services for April 2004	41,638					41,638			
6/30/2004	6281	Vanir Construction management	Construction Management services for May 2004	108,609	108,609							
AP	6210	VBN Architects	Architectural services May& CO 7	88,815	-	-	-	88,815	-	-	-	-
			Total Invoices Tested	5,731,281	267,062	14,979	29,653	2,117,688	998,927	2,292,552	10,420	-
			Total Expenditures	17,866,999	843,245	(27,502)	87,006	5,052,204	3,988,663	7,908,424	18,569	(3,610)
			Percent Tested	32.1%	31.7%	-54.5%	34.1%	41.9%	25.0%	29.0%	56.1%	0.0%

TAMALPAIS UNION HIGH SCHOOL

SUPPLEMENTAL INFORMATION
FOCUS AREAS
JUNE 30, 2004

Change Orders

Contractor	Location	Increment/project	Change Order #	Amount	Approved by Board
Arntz Construction	Tamalpais	Increment 2	4	$ 64,482	1/27/2004
Arntz Construction	Tamalpais	Increment 2	8	43,043	4/27/2004
Villa Construction	Drake	Increment 3	7	187,592	4/27/2004
James Nolan Constructio	Redwood	Bleachers	1	127,103	2/24/2004
Bothman Inc	Redwood	Fields	1	99,547	6/8/2004
Total tested				521,767	
Total approved during period				1,944,108	
Percent tested				27%	

Moving Stipends

Payee	Location	Description	Amount	Matches move pay authorization
Various	Redwood	May moving stipends	$ 15,491	Yes
Various	Tamalpais	May moving stipends	1,664	Yes
Various	Drake	May moving stipends	1,552	Yes
Total tested			18,707	
Total paid during period			58,734	
Percent tested			32%	

Maintenance and Other Hourly Overtime

Payee	Date	Description	Position	Amount	Supported by separate timecard
Various	6/30/2004	Modernization move	Custodians, grounds, Secretary, Kitchen	$ 5,953	Yes
Total tested				5,953	
Total paid during period				17,917	
Percent tested				33%	

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
FINANCIAL REPORT
JUNE 30, 2004

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
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JUNE 30, 2004

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

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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 building fund of the Tamalpais Union High School District, as of and for the six months ended June 30, 2004, 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 building fund 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 building fund of the Tamalpais Union High School District at June 30, 2004, and the results of its operations and cash flows for the six months 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
September 23, 2004

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
BALANCE SHEET
JUNE 30, 2004

ASSETS	
Cash and investments	$ 82,860,590
Accounts receivable	173,705
Due from other funds	15,956
Total Assets	$ 83,050,251
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	5,531,071
Due to general fund	40,549
Total Liabilities	5,571,620
FUND EQUITY	
Fund balances	
Undesignated	77,478,631
Total Fund Equity	77,478,631
Total Liabilities and Fund Equity	$ 83,050,251

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE SIX MONTHS ENDED JUNE 30, 2004

REVENUES	
Interest income	$ 269,065
State funds	13,928,505
Total Revenues	14,197,570
EXPENDITURES	
Current Expenditures	
Classified salaries	191,323
Employee benefits	56,707
Books and supplies	17,992
Services and operating expenditures	1,226,563
Capital outlay	
Architectural services	1,252,652
Permanent construction	13,629,605
Construction management	1,182,879
Other capital outlay	458,339
Total Expenditures	18,016,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,818,490)
OTHER SOURCES (USES)	
Bond proceeds - 3rd series	50,600,000
Bond proceeds - bond proceeds-premium less issuance cost	(675,183)
Total Other Sources (Uses)	49,924,817
EXCESS OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	46,106,327
FUND BALANCE, JANUARY 1, 2004	31,372,304
FUND BALANCE, JUNE 30, 2004	$ 77,478,631

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Tamalpais Union High School District bond funds 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 building fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

A. Financial Reporting Entity

The financial statements include only the Building fund 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 Bonds Election of 2001. The authorized issuance amount of the bonds is $121,000,000. All three series of bonds have 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.

B. Fund Accounting

The operations of the Building fund 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.

C. 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 building funds 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 general long-term debt, which is recognized when due.

D. 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 or designated at June 30, 2004.

E. 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.

F. 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. Capital outlay expenditures include an estimated $453,480 for June and prior invoices for construction services in which invoices had not yet been received from the contractors.

NOTE #2 – INVESTMENTS

Investments at June 30, 2004, held on behalf of the building fund of the Tamalpais Union High School District consist of deposits in the County of Marin Treasury:

	Reported Amount	Fair Value
Deposits with county treasurer	$82,860,540	$ 82,945,058

Deposits with County Treasurer is an external investment pool sponsored by the County of Marin. School districts are required to deposit all receipts and collections of monies with their county treasurer (Education Code Section 41001). Therefore, the District is considered to be an involuntary participant in an external investments pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits. The most recent market value information for the county cash pool provided by the County was as of June 30, 2004.

In addition to the investment with the County Treasurer, the building fund has petty cash of $50.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2004, consist of the following:

Interest	$ 173,705

NOTE #4 – INTERFUND TRANSACTIONS

Interfund Receivables (Due from) and Payables (Due To)

Interfund receivables and payables at June 30, 2004 are as follows:

Due from general fund for PGE rebate and other reimbursements	$ 15,956
Due to general fund for expense reimbursements for items paid by general fund.	$ 40,549

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2004, consists of the following:

Contractors	$ 3,729,204
Others	1,801,867
Total	$ 5,531,071

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	$77,478,631

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE #7 – GENERAL LONG-TERM DEBT

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds. However, they are reported as liabilities on the Statement of Net Assets in the Entity Wide financial statements of the Tamalpais Union High School District.

General obligation bonds have been issued and are outstanding as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Balance 01/01/04	Issued	Payments	Bonds 06/30/04
2001	2026	3.375-5.50	$20,820,000	$19,690,000	$ -	$ -	$ 19,690,000
2002	2027	3.0-6.0	49,580,000	48,335,000	-	-	48,335,000
2004	2029	4.5-5.5	50,600,000	-	50,600,000		50,600,000
				$68,025,000	$50,600,000	$ -	$118,625,000

Debt Service Requirements

The general obligation bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2005	$ 1,790,000	$ 4,860,391	$ 6,650,391
2006	2,215,000	5,629,238	7,844,238
2007	3,260,000	5,513,691	8,773,691
2008	3,395,000	5,378,797	8,773,797
2009	3,540,000	5,230,716	8,770,716
2010-2014	19,840,000	23,554,776	43,394,776
2011-2019	23,925,000	18,202,687	42,127,687
2020-2024	29,445,000	11,609,625	41,054,625
2025-2029	31,215,000	3,546,623	34,761,623
Total	$ 118,625,000	$ 83,526,544	$ 202,151,544

As of June 30, 2004, there was $4,441,302 in the Bond Interest and Redemption Fund of Tamalpais Union High School District, which will be used to make interest and principal payments on the bonds.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2004, the building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Tamalpais High School modernization projects	$ 13,348,342	through 4/30/06
Sir Francis Drake High School modernization projects	6,219,476	through 8/31/05
Redwood High School modernization projects	6,740,699	through 3/31/05
San Andreas High School modernization projects	105,294	through 10/31/05
Tamiscal modernization projects	132,884	through 12/31/04
District office modernization projects	295,083	through 1/31/05
Corporation yard modernization projects	15,432	through 12/31/04
District wide	154,727	through 12/31/04
Total	$ 27,011,937	

As of June 30, 2004, the building fund has the following commitments with respect to portable building leases:

2005	$ 530,373
2006	210,394
	$ 740,767

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	$ 250,261
State funds	13,928,505
Payments to suppliers	(15,290,969)
Payments to employees	(210,716)
Net Cash Used by Operating Activities	(1,322,919)
CASH FLOWS FROM FINANCING ACTIVITIES	
Bond proceeds	50,600,000
Transfer to bond redemption fund	(670,000)
Net Cash Provided by Financing Activities	49,930,000
NET INCREASE IN CASH	48,607,081
CASH AND CASH EQUIVALENTS, JANUARY 1, 2004	34,253,509
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	$ 82,860,590

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (3,818,490)
Adjustments to reconcile operating income/(loss) to net cash flows from operating activities	
Changes in assets and liabilities	
(Increase)/decrease in:	
Interest receivable	(18,804)
Due from other funds	133,084
Increase/(decrease) in:	
Accounts payable	2,343,977
Due to other funds	37,314
Net Cash Flows Used by Operating Activities	$ (1,322,919)

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
AS OF JUNE 30, 2004

	Budget	Actual Expenditures			Remaining Balance
		Prior Period	1/04 to 6/04	Total	
REVENUES					
Interest income	$ 1,670,000	$ 1,966,754	$ 269,065	$ 2,235,819	$ (565,819)
Transfer in - State funds	14,124,941	-	13,928,505	13,928,505	(196,436)
Total Revenues	15,794,941	1,966,754	14,197,570	16,164,324	(762,255)
EXPENDITURES					
Current Expenditures					
Classified salaries	1,143,000	569,849	191,323	761,172	381,828
Employee benefits	195,000	128,896	56,707	185,603	9,397
Books and supplies	175,000	55,935	17,992	73,927	101,073
Services and operating expenditures	10,018,893	2,984,130	1,226,563	4,210,693	5,808,200
Capital outlay					
Architectural services	9,928,608	9,054,741	1,252,652	10,307,393	(378,785)
Permanent construction	97,029,226	25,284,681	13,629,605	38,914,286	58,114,940
Construction management	7,700,099	2,982,800	1,182,879	4,165,679	3,534,420
Other capital outlay	10,754,155	757,641	458,339	1,215,980	9,538,175
Total Expenditures	136,943,981	41,818,673	18,016,060	59,834,733	77,109,248
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(121,149,040)	(39,851,919)	(3,818,490)	(43,670,409)	77,871,503
OTHER FINANCING SOURCES/(USES)					
Bond proceeds - 3rd series	121,000,000	70,400,000	50,600,000	121,000,000	-
Bond premium - 2nd series	-	937,425	(937,425)	-	-
Underwriter discount - 2nd series	-	(262,242)	262,242	-	-
Transfer in - Federal repair and renovation grant	149,040	149,040	-	149,040	-
Total Other Financing Sources/(Uses)	121,149,040	71,224,223	49,924,817	121,149,040	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	$ -	$31,372,304	$ 46,106,327	$77,478,631	$ 77,871,503

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
REPORT
DECEMBER 31, 2004

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

VALUE THE DIFFERENCE

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 2001 General Obligation Bond funds for the period of July 1, 2004 to December 31, 2004 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, the master plan and the revised master plan as the guidance for the intended use of the funds. For any expenditures 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, master plan, and the revised 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 March 6, 2001. The bonds were authorized at an issuance of $121,000,000 principal amount for the purpose of financing the addition and modernization of school facilities. The first series of the bonds were issued in 2001 and sold in the amount of $20,820,000. The second series of the bonds were issued in 2002 and sold in the amount of $49,580,000. The third and final series was issued in 2004 and sold in the amount of $50,600,000.

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2. Total expenditures and commitments through December 31, 2004, were $102,117,883.

3. An analysis of expenditures is as follows:

Expenditures	Prior Periods	7/1/2004 to 12/31/04	Total
Salaries and benefits	$ 946,775	$ 249,994	$ 1,196,769
Supplies	73,927	27,649	101,576
Services	4,210,693	1,345,355	5,556,048
Capital outlay			
Architectural services	10,307,393	488,852	10,796,245
Permanent construction	38,914,286	17,503,621	56,417,907
Construction management	4,165,679	1,057,125	5,222,804
Other capital outlay	1,215,980	377,131	1,593,111
Total expenditures	$59,834,733	$21,049,727	80,884,460
Contract commitments, December 31, 2004			21,720,373
Total expenditures and commitments			$ 102,604,833

Available unspent funds from the bond as of December 31, 2004 are as follows:

General obligation bonds proceeds, series 1	$ 20,820,000
General obligation bonds proceeds, series 2	49,580,000
General obligation bonds proceeds, series 3	50,600,000
Interest earned in building fund	2,814,134
Bond project expenditures funded by federal repair and renovation grant	149,040
Bond project expenditures funded by state grants	13,928,505
Total expenditures and commitments	(102,604,833)
Amount available	$ 35,286,846

Agreed Upon Procedures Performed

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

2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the building and bond interest and redemption funds.

3. Select 25% of the expenditures at each location 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, master plan, and revised master plan that were distributed to the voters. Focus on expenditures related to teacher stipends for moving, construction change orders exceeding $25,000, and time and materials contracts exceeding $100,000. See supplemental information for list of expenditures reviewed.

4. Verify that District's internal control procedures are operating according to District policies. See supplemental information for list of expenditures reviewed.

5. 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. There were no proceeds from the sale of the general obligation bonds during the period from July 1, 2004 to December 31, 2004.

3. Our review of the expenditures for the period July 1, 2004, through December 31, 2004, 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 March 6, 2001. 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 July 1, 2004 to December 31, 2004.

   Approved change orders during the period were $3,653,024, of which 58% were reviewed for board approval, and which did not reveal any items that did not comply with the bond purpose. See supplemental information for list of change orders reviewed.

   Moving stipends for teachers and others during the period totaled $52,845, of which 51% were reviewed for move pay authorization and which did not reveal any items that did not comply with the bond purpose. See supplemental information for list of moving stipends reviewed.

   Time and materials contracts exceeding $100,000 during the period totaled $1,064,226, of which 100% were reviewed for board approval, and which did not reveal any items that did not comply with the bond purpose.

4. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the internal control policies of the District. We noted that two of ten invoices selected for review were not processed for payment within 30 days of receipt, however all invoice cover forms contained explanations on delays. One of the two delays was due to invoice was not received in time. The other one was due to delay in receiving certified payroll.

5. 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.

Vavinek, Trine, Day & Co LLP

Pleasanton, California
February 11, 2005

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES
JULY 1, 2004 TO DECEMBER 31, 2004

Check Date	Object Code	Vendor	Description as indicated by invoice	Amount	District - wide 001	Corp Yard 007	District Office 051	Tamalpais 052	Drake 053	Redwood 054	San Andreas 055	Tamiscal 056
09/03/04	6240	Arntz Builders	Increment II-campus wide improvements	755,856	-	-	-	-	-	755,856	-	-
11/03/04	6240	Arntz Builders	Modernization	497,214	-	-	-	497,214	-	-	-	-
11/10/04	6240	Arntz Builders	Increment III project	1,135,405	-	-	-	1,135,405	-	-	-	-
10/06/04	5849	Davillier-Sloan Inc.	Labor Compliance Program Administration	7,208	7,208	-	-	-	-	-	-	-
10/27/04	5849	Davillier-Sloan Inc.	Labor Compliance Program Administration	6,791	6,791	-	-	-	-	-	-	-
09/20/04	5849	GCCI INC	Tamalpais HS Modernization Phase IV-Mill Valley	45,905	-	-	-	45,905	-	-	-	-
08/11/04	5840	Install Office Services Inc	Deliver Haworth systems furniture	1,400	-	-	1,400	-	-	-	-	-
08/16/04	6240	Interstate Grading & Paving	Athletic field renovation, increments 1 & 2	541,181	-	-	-	541,181	-	-	-	-
02/07/05	6240	Kline & Son Security Systems	Security System Installation	4,090	-	-	4,090	-	-	-	-	-
11/09/04	6240	M & O Reimbursement	Painting and installing alarms	2,450	-	-	2,450	-	-	-	-	-
02/07/05	5829	Miller, Brown & Dannis	Legal services	16,437	16,437	-	-	-	-	-	-	-
10/27/04	5625	Mobile Kitchens USA INC	Container kitchen rental	7,850	-	-	-	-	7,850	-	-	-
10/18/04	5625	Mobile Modular Management Corp	Rent 8/25/04 - 8/24/05	14,236	-	-	-	14,236	-	-	-	-
11/22/04	6240	Motech Inc	Purchase of modular building	23,269	-	-	-	-	-	-	-	23,269
11/22/04	6240	Motech Inc	Purchase of modular building	20,229	-	-	-	-	-	-	-	20,229
10/18/04	4300	Parco Scientific Company	Microscope with mechanical stage	4,875	4,875	-	-	-	-	-	-	-
09/30/04	2910	Payroll	Linda Mcallister & Wubitu's monthly salary	8,432	8,432	-	-	-	-	-	-	-
11/30/04	2990	Payroll	V-Ann's monthly salary	9,453	9,453	-	-	-	-	-	-	-
10/29/04	2900	Payroll	Salaries	6,763	6,763	-	-	-	-	-	-	-
12/17/04	6210	Quattrocchi Kwok Architects	San Andreas HS Architect service	25,061	-	-	-	-	-	-	25,061	-
09/03/04	6240	Robert A. Bothman Inc	Athletic fields renovation	528,747	-	-	-	-	-	528,747	-	-
07/16/04	5829	School & College Legal Service	FY 04-05 Retainer for legal services associated with Bond Modernization	4,620	4,620	-	-	-	-	-	-	-
10/27/04	5803	SF Chronicle	Advertisement	4,165	4,165	-	-	-	-	-	-	-
12/17/04	6220	TDM INC	Inspection Services for Redwood HS Increment 2 Mod	31,760	-	-	-	-	-	31,760	-	-

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES
JULY 1, 2004 TO DECEMBER 31, 2004

08/16/04	6240	Valleycrest Landscape Development	Sir Francis Drake HS Field Renovation	720,183	-	-	-	-	720,183	-	-	-
02/04/05	9/2/04	Vanir Construction Management	Construction management - August	132,257	53,908	-	-	40,098	38,251	-	-	-
02/04/05	10/5/04	Vanir Construction Management	Construction management - September	191,143	62,361	-	-	39,156	38,044	51,582	-	-
02/04/05	11/30/04	Vanir Construction Management	Construction management - October	189,404	62,649	-	-	40,387	39,621	46,747	-	-
02/04/05	12/9/04	Vanir Construction Management	Construction management - November	175,472	64,132	-	-	35,670	37,835	37,835	-	-
02/04/05	1/12/05	Vanir Construction Management	Construction management - December	148,663	54,173	-	-	35,000	32,357	27,133	-	-
12/03/04	5625	Vanir Rent & Utility	Annual Rent/Utility Expense	16,763	16,763	-	-	-	-	-	-	-
09/13/04	6240	Vila Construction Co	Modernization	243,081	-	-	-	-	243,081	-	-	-
10/01/04	6240	Vila Construction Co	Drake Increment 4	261,328	-	-	-	-	261,328	-	-	-
11/22/04	6240	Vila Construction Co	Modernization	346,111	-	-	-	-	346,111	-	-	-
08/16/04	6240	Western Roofing Service	Gym Re-roofing	251,904	-	-	-	-	-	251,904	-	-
			Total Invoices Tested	6,379,707	382,731	-	7,940	2,424,252	1,764,659	1,731,564	25,061	43,498
			Total Expenditures	21,049,727	732,761	-	15,770	7,224,694	6,872,455	6,106,771	53,594	43,682
			Percent Tested	30.3%	52.2%	0.0%	50.3%	33.6%	25.7%	28.4%	46.8%	99.6%

TAMALPAIS UNION HIGH SCHOOL

SUPPLEMENTAL INFORMATION
FOCUS AREAS
DECEMBER 31, 2004

Change Orders Contractor	Location	Increment/project	Change Order #	Amount	Approved by Board
Arntz Construction	Redwood	Increment 2	12	$ 30,054	7/13/2004
Arntz Construction	Redwood	Increment 2	13	70,984	8/10/2004
Arntz Construction	Redwood	Increment 2	15	48,778	8/10/2004
Arntz Construction	Redwood	Increment 2	16	122,439	8/10/2004
Arntz Construction	Redwood	Increment 2	17	223,086	8/24/2004
Arntz Construction	Redwood	Increment 2	18	151,950	9/14/2004
Arntz Construction	Redwood	Increment 2	19	162,219	10/12/2004
Arntz Construction	Redwood	Increment 2	20	106,301	10/12/2004
Arntz Construction	Redwood	Increment 2	21	155,684	12/7/2004
Arntz Construction	Redwood	Increment 2	22	33,742	12/7/2004
Bothman Inc.	Redwood	F-1B Main Fields	2	61,812	7/13/2004
Bothman Inc.	Redwood	F-1B Main Fields	3	52,380	10/12/2004
Bothman Inc.	Redwood	F-1B Main Fields	4	54,679	11/9/2004
Bothman Inc.	Redwood	F-1B Main Fields	5	28,521	11/23/2004
Interstate Grading & Paving	Tamalpais	Main Field	1	113,419	10/12/2004
Interstate Grading & Paving	Tamalpais	Main Field	2	128,909	12/7/2004
Valley Crest	Drake	F-1 Main Fields	1	30,869	8/10/2004
Valley Crest	Drake	F-1 Main Fields	2	39,226	10/12/2004
Valley Crest	Drake	F-1 Main Fields	3	76,811	11/9/2004
Valley Crest	Drake	F-1 Main Fields	4	65,456	12/7/2004
Vila Construction	Drake	Increment 3	9	60,474	8/24/2004
Vila Construction	Drake	Increment 3	10	86,052	10/26/2004
Vila Construction	Drake	Increment 3	13	79,167	12/7/2004
Vila Construction	Drake	Increment 4	1	66,241	8/24/2004
Vila Construction	Drake	Increment 4	2	53,462	10/26/2004
Total tested				2,102,715	
Total approved during period				3,653,024	
Percent tested				58%	

TAMALPAIS UNION HIGH SCHOOL

SUPPLEMENTAL INFORMATION
FOCUS AREAS
DECEMBER 31, 2004

Moving Stipends

Payee	Location	Description	Amount	Matches move pay authorization
Various	Redwood	October moving stipends	$ 15,039	Yes
Various	Drake	October moving stipends	11,791	Yes
Total tested			26,830	
Total moving stipend expense during period			52,845	
Percent tested			51%	

Time and Materials Contract Expenditures Exceeding $100,000

Consultants	Location	Increment/project	Amount	Approved by Board
GCCI Inc.	Tamalpais	Increment 4	$ 126,560	7/13/2004
TDM	Redwood	Increment 2	166,656	9/28/2004
Vanir Construction Management	All	Modernization Consulting	651,000	12/7/2004
VBN Architects	Tamalpais	Increment 2	120,010	10/26/2004
Total tested			1,064,226	
Total new or modified contracts over $100,000 during period			1,064,226	
Percent tested			100%	

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
FINANCIAL REPORT
DECEMBER 31, 2004

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
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DECEMBER 31, 2004

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

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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 building fund of the Tamalpais Union High School District, as of and for the six months ended December 31, 2004, 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 building fund 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 building fund of the Tamalpais Union High School District at December 31, 2004, and the results of its operations and cash flows for the six months 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
February 11, 2005

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
BALANCE SHEET
DECEMBER 31, 2004

ASSETS	
Cash and investments	$ 60,535,944
Accounts receivable	312,678
Due from other funds	1,784
Total Assets	$ 60,850,406
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	3,815,267
Due to general fund	27,920
Total Liabilities	3,843,187
FUND EQUITY	
Fund balances	
Undesignated	57,007,219
Total Fund Equity	57,007,219
Total Liabilities and Fund Equity	$ 60,850,406

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004

REVENUES	
Interest income	$ 578,315
EXPENDITURES	
Current Expenditures	
Classified salaries	192,262
Employee benefits	57,732
Books and supplies	27,649
Services and operating expenditures	1,345,355
Capital outlay	
Architectural services	488,852
Permanent construction	17,503,621
Construction management	1,057,125
Other capital outlay	377,131
Total Expenditures	21,049,727
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,471,412)
FUND BALANCE, JULY 1, 2004	77,478,631
FUND BALANCE, DECEMBER 31, 2004	$ 57,007,219

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Tamalpais Union High School District bond funds 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 building fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

A. Financial Reporting Entity

The financial statements include only the Building fund 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 Bonds Election of 2001. The authorized issuance amount of the bonds is $121,000,000. All three series of bonds have 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.

B. Fund Accounting

The operations of the Building fund 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.

C. 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 building funds 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.

D. 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 or designated at December 31, 2004.

E. 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.

F. 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. Capital outlay expenditures include an estimated $73,675 for December and prior invoices for construction services in which invoices had not yet been received from the contractors.

NOTE #2 – INVESTMENTS

Investments at December 31, 2004, held on behalf of the building fund of the Tamalpais Union High School District consist of deposits in the County of Marin Treasury:

	Reported Amount	Fair Value
Deposits with county treasurer	$60,535,844	$ 60,381,599

Deposits with County Treasurer is an external investment pool sponsored by the County of Marin. School districts are required to deposit all receipts and collections of monies with their county treasurer (Education Code Section 41001). Therefore, the District is considered to be an involuntary participant in an external investments pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits. The most recent market value information for the county cash pool provided by the County was as of June 30, 2004.

In addition to the investment with the County Treasurer, the building fund has petty cash of $100.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at December 31, 2004, consist of the following:

Interest	$ 312,736

NOTE #4 – INTERFUND TRANSACTIONS

Interfund Receivables (Due from) and Payables (Due To)

Interfund receivables and payables at December 31, 2004 are as follows:

Due from general fund for equipment and payroll reimbursements	$ 1,784
Due to general fund for expense reimbursements for items paid by general fund.	$ 27,920

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at December 31, 2004, consists of the following:

Permenant construction	$ 2,189,653
Construction management	1,058,283
Others	567,331
Total	$ 3,815,267

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	$57,007,219

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE #7 – GENERAL LONG-TERM DEBT

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds. However, they are reported as liabilities on the Statement of Net Assets in the Entity Wide financial statements of the Tamalpais Union High School District.

General obligation bonds have been issued and are outstanding as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Balance 07/01/04	Issued	Payments	Bonds 12/31/04
2001	2026	3.375-5.50	$20,820,000	$ 19,690,000	$ -	$ 600,000	$ 19,090,000
2002	2027	3.0-6.0	49,580,000	48,335,000	-	1,190,000	47,145,000
2004	2029	4.5-5.5	50,600,000	50,600,000	-	-	50,600,000
				$ 118,625,000	$ -	$ 1,790,000	$ 116,835,000

Debt Service Requirements

The general obligation bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2006	$ 2,215,000	$ 5,629,238	$ 7,844,238
2007	3,260,000	5,513,691	8,773,691
2008	3,395,000	5,378,797	8,773,797
2009	3,540,000	5,230,716	8,770,716
2010	3,680,000	5,070,279	8,750,279
2011-2015	20,560,000	22,590,988	43,150,988
2016-2020	24,925,000	16,994,196	41,919,196
2021-2025	30,790,000	10,103,750	40,893,750
2026-2029	24,470,000	2,154,500	26,624,500
Total	$ 116,835,000	$ 78,666,155	$ 195,501,155

As of December 31, 2004, there was $3,321,395 in the Bond Interest and Redemption Fund of Tamalpais Union High School District, which will be used to make interest and principal payments on the bonds.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of December 31, 2004, the building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Tamalpais High School modernization projects	$ 9,844,744	through 12/31/05
Sir Francis Drake High School modernization projects	7,055,227	through 8/24/05
Redwood High School modernization projects	4,152,553	through 3/31/05
Total	$ 21,052,524	

As of December 31, 2004, the building fund has the following commitments with respect to portable building leases:

2005	$ 451,010
2006	206,059
2007	10,780
	$ 667,849

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	$ 453,514
Payments to suppliers	(22,528,166)
Payments to employees	(249,994)
Net Cash Used by Operating Activities	(22,324,646)
NET DECREASE IN CASH	(22,324,646)
CASH AND CASH EQUIVALENTS, JULY 1, 2004	82,860,590
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2004	$ 60,535,944

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$(20,471,412)
Adjustments to reconcile operating income/(loss) to net cash flows from operating activities	
Changes in assets and liabilities	
(Increase)/decrease in:	
Interest receivable	(138,973)
Due from other funds	14,172
Increase/(decrease) in:	
Accounts payable	(1,715,804)
Due to other funds	(12,629)
Net Cash Flows Used by Operating Activities	$(22,324,646)

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
AS OF DECEMBER 31, 2004

	Budget	Actual Expenditures			Remaining Balance
		Prior Period	7/04 to 12/04	Total	
REVENUES					
Interest income	$ 1,670,000	$ 2,235,819	$ 578,315	$ 2,814,134	$ (1,144,134)
Transfer in - State funds	14,124,941	13,928,505	-	13,928,505	(196,436)
Total Revenues	15,794,941	16,164,324	578,315	16,742,639	(1,340,570)
EXPENDITURES					
Current Expenditures					
Classified salaries	1,143,000	761,172	192,262	953,434	189,566
Employee benefits	195,000	185,603	57,732	243,335	(48,335)
Books and supplies	175,000	73,927	27,649	101,576	73,424
Services and operating expenditures	10,018,893	4,210,693	1,345,355	5,556,048	4,462,845
Capital outlay					
Architectural services	9,928,608	10,307,393	488,852	10,796,245	(867,637)
Permanent construction	97,029,226	38,914,286	17,503,621	56,417,907	40,611,319
Construction management	7,700,099	4,165,679	1,057,125	5,222,804	2,477,295
Other capital outlay	10,754,155	1,215,980	377,131	1,593,111	9,161,044
Total Expenditures	136,943,981	59,834,733	21,049,727	80,884,460	56,059,521
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(121,149,040)	(43,670,409)	(20,471,412)	(64,141,821)	57,400,091
OTHER FINANCING SOURCES/(USES)					
Bond proceeds	121,000,000	121,000,000	-	121,000,000	-
Transfer in - Federal repair and renovation grant	149,040	149,040	-	149,040	-
Total Other Financing Sources/(Uses)	121,149,040	121,149,040	-	121,149,040	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	$ -	$77,478,631	$ (20,471,412)	$57,007,219	$ 57,400,091