TAMALPAIS UNION HIGH SCHOOL DISTRICT

JUNE 30, 2002

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
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JUNE 30, 2002

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

VALUE THE DIFFERENCE

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 year ended June 30, 2002, 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 general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose 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 are not intended to 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
October 22, 2002

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
BALANCE SHEET
JUNE 30, 2002

ASSETS	
Investments	$ 18,421,396
Accounts receivable	105,089
Total Assets	$ 18,526,485
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	1,397,007
Due to general fund	183
Total Liabilities	1,397,190
FUND EQUITY	
Fund balances	
Unreserved	
Undesignated	17,129,295
Total Fund Equity	17,129,295
Total Liabilities and Fund Equity	$ 18,526,485

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 YEAR ENDED JUNE 30, 2002

REVENUES	
Other local revenues	$ 608,253
Total Revenues	608,253
EXPENDITURES	
Current Expenditures	
Classified salaries	154,087
Employee benefits	28,940
Books and supplies	15,227
Services and operating expenditures	836,549
Capital outlay	3,162,167
Total Expenditures	4,196,970
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(3,588,717)
OTHER FINANCING SOURCES/(USES)	
Other sources	20,670,000
Total Other Financing Sources/(Uses)	20,670,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	17,081,283
FUND BALANCE, BEGINNING OF YEAR	48,012
FUND BALANCE, END OF YEAR	$17,129,295

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 – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Other local revenues	$ 620,100	$ 608,253	(11,847)
Total Revenues	620,100	608,253	(11,847)
EXPENDITURES			
Current Expenditures			
Classified salaries	224,201	154,087	70,114
Employee benefits	46,099	28,940	17,159
Books and supplies	29,600	15,227	14,373
Services and operating expenditures	2,397,400	836,549	1,560,851
Capital outlay	18,592,800	3,162,167	15,430,633
Total Expenditures	21,290,100	4,196,970	17,093,130
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(20,670,000)	(3,588,717)	17,081,283
OTHER FINANCING SOURCES			
Other sources	20,670,000	20,670,000	-
Total Other Financing Sources	20,670,000	20,670,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES	-	17,081,283	17,081,283
FUND BALANCE, BEGINNING OF YEAR	48,012	48,012	-
FUND BALANCE, END OF YEAR	$ 48,012	$17,129,295	$ 17,081,283

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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 audit includes only the building fund established to account for the expenditures of the general obligation bonds issued March 2001.

B. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (or retained earnings), revenues, and expenditures (or expenses), as appropriate. District resources are allocated to and accounted for in individual governmental funds 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.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their 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. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with state law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

E. Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

F. 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.

G. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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.

H. 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

Investments at June 30, 2002, 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	$18,421,396	$18,458,239

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.

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2002, consist of the following:

Interest	$ 105,089

NOTE #4 – INTERFUND TRANSACTIONS

Interfund Payables (Due To)

The amount of interfund payable balance due at June 30, 2002, is $183. This amount is due from the building fund to the general fund.

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2002, consists of the following:

Vendor payables	$ 1,396,240
Salaries and benefits	767
Total	$ 1,397,007

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	$17,129,295

NOTE #7 – GENERAL LONG-TERM DEBT

A. Long-Term Debt Summary

Under the modified accrual basis of accounting, liabilities for long-term debt are reported in the general long term debt account group rather than the building or other funds. A schedule of changes in long-term debt for the year ended June 30, 2002, is shown below:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
General obligation bonds	$ -	$20,820,000	$ -	$20,820,000
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption fund				1,543,456
Amount to be provided for retirement of general long-term debt				$19,276,544

B. General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Beginning of Year	Issued	Redeemed	Bonds End of Year
2001	2026	3.375-5.50	$20,820,000	$ -	$20,820,000	$ -	$20,820,000

The general obligation bonds mature through 2026 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2003	$ 550,000	$ 1,459,719	$ 2,009,719
2004	580,000	953,567	1,533,567
2005	600,000	929,242	1,529,242
2006	625,000	906,695	1,531,695
2007	650,000	883,148	1,533,148
Thereafter	17,815,000	9,663,574	27,478,574
Total	$ 20,820,000	$14,795,945	$35,615,945

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2002, the building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
District wide modernization projects	$ 313,565	through 6/30/03
Tamalpais High School modernization projects	1,728,549	through 6/30/04
Sir Francis Drake High School modernization projects	1,057,246	through 10/31/02
Redwood High School modernization projects	1,709,694	through 10/1/02
San Andreas High School modernization projects	24,372	through 7/31/02
Tamiscal High School modernization projects	598,223	though 10/20/02
District office modernization projects	34,967	9/30/2002
Corporate yard modernization projects	253,794	through 10/20/02
Total	$ 5,720,410	

NOTE #9– SUBSEQUENT EVENTS

In March 2001, the voters of Marin County approved a $121,000,000 General Obligation Bond that is to be used for construction purposes. The District received the proceeds from the second series of this bond in the amount of $49,580,000 in July 2002.

NOTE #10– NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement of Financial Accounting Standard No. 34 *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"* as amended by GASB Statement No. 37 and No. 38. This Statement establishes financial reporting standards for state and local governments, including states, cities, towns, villages and special-purpose governments such as school districts and public utilities. Specifically the basic financial statements and required supplementary information (RSI) for general-purpose governments should consist of:

A. Management's Discussion and Analysis (MD&A)

B. Basic Financial Statements which include:

- Government-wide financial statements prepared using the economic measurement focus and the accrual basis of accountings.
- Fund financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting.
- Required supplementary information.

C. The requirements of this statement are effective in three phases based on a government's total annual revenues for the year ended June 30, 1999, with earlier application encouraged. These phases are as follows:

Phase I: Districts with total revenue of $100 million or more are required to implement for the year ending June 30, 2002.

Phase II: Districts with total revenue of at least $10 million but less than $100 million are required to implement for the year ending June 30, 2003.

Phase III: Districts with total revenue of less than $10 million are required to implement for the year ending June 30, 2004.

Based on the above criteria, the District expects to adopt the provisions of this statement for the fiscal year ending June 30, 2003. While the District believes the adoption of this statement will have a significant impact on how the District's financial position and results of operations is presented in its annual financial statements, the District has not determined the full impact of the adoption.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
AUDIT

vtd

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

VALUE THE DIFFERENCE

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 July 1, 2001 and June 30, 2002 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 those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in this report.

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.
2. Total expenditures and encumbrances through June 30, 2002, were $10,020,298.
3. An analysis of expenditures is as follows:

Expenditures	July 1, 2000 to June 30, 2001	July 1, 2001 to June 30, 2002	Total
Capital Outlay	$ 75,000	$ 3,162,167	$ 3,237,167
Services	27,339	836,549	863,888
Salaries and benefits	-	183,027	183,027
Supplies	579	15,227	15,806
Total expenditures	$ 102,918	$ 4,196,970	4,299,888
Contract commitments, June 30, 2002			5,720,410
Total expenditures and commitments			$ 10,020,298

4. Available unspent funds from the first series of bonds as of June 30, 2002 are:

Series A 2001 general obligation bonds	$ 20,820,000
Interest earned in building fund	608,253
Total expenditures and commitments	(10,020,298)
Amount available	$ 11,407,955

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. See supplemental information for list of expenditures reviewed.

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

3. Our review of the expenditures for the period July 1, 2001, through June 30, 2002, 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. We did request that management of the District obtain a legal opinion on the expenditures for the bond audits and the equipping of the director of facilities modernization director's office. In the opinion of bond counsel, both of these items are allowable expenditures of the bond funds.

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 22, 2002

Tamalpais Union High School District
Supplemental Information
Bond Expenditures Reviewed in Applying Agreed Upon Procedures
6/30/2002

Date	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
6/30/2002	Vanir Construction Management	Construction management services	125,397.94	125,397.94							
4/24/2002	Vanir Construction Management	Construction management services	64,387.41	64,387.41							
6/26/2002	Vanir Construction Management	Construction management services	73,731.88	73,731.88							
6/28/2002	Vanir Construction Management	Construction management services	64,880.64	64,880.64							
6/26/2002	Vallejo Stationers	Filing cabinet for director of facilities modernization office	1,519.99	1,519.99							
7/12/2002	Vallejo Stationers	Labels, tabs , paper	112.47	112.47							
6/28/2002	Vallejo Stationers	Pens, Marker board	516.10	516.10							
6/26/2002	Vallejo Stationers	Pens, Calculater etc (per PO they are for FMO)	118.26	118.26							
6/26/2002	Vallejo Stationers	Fire file for FMO	1,519.99	1,519.99							
6/14/2002	Vallejo Stationers	Folders, tape, pens	1,456.26	1,456.26							
6/7/2002	Vallejo Stationers	Flags	59.65	59.65							
5/31/2002	Vallejo Stationers	Highlighters, pens	297.42	297.42							
5/15/2002	Vallejo Stationers	Bookends	153.71	153.71							
5/15/2002	Vallejo Stationers	Envelopes	71.12	71.12							
4/26/2002	Vallejo Stationers	Folders, labels, toner, ink jet cartridge	551.04	551.04							
4/17/2002	Vallejo Stationers	Map rail, binders, disks, glue, tray etc	850.94	850.94							
3/27/2002	Vallejo Stationers	Folder, highligherts, binders	472.65	472.65							
4/5/2002	Vallejo Stationers	Binders	60.77	60.77							
3/27/2002	Vallejo Stationers	Folders, highlighters	472.65	472.65							
3/20/2002	Vallejo Stationers	Paper, ink cartriges, organizers, trays, keyboard	2,084.09	2,084.09							
3/6/2002	Vallejo Stationers	Paper, ink cartriges, organizers	221.53	221.53							
2/8/2002	Vallejo Stationers	Board, cash tray	1,364.05	1,364.05							
11/28/2001	Vallejo Stationers	Vertical fire file (Per req - for FMO)	1,519.99	1,519.99							
1/11/2002	Vallejo Stationers	Folders, Envelopes	244.93	244.93							
12/7/2001	Vallejo Stationers	Paper	754.54	754.54							
12/21/2001	Vallejo Stationers	Toner, cartridge, pens, paper	2,401.54	2,401.54							
12/5/2001	Vallejo Stationers	Stamps	54.84	54.84							
10/19/2001	Vallejo Stationers	Binders, markers, pads, easel etc	289.18	289.18							
10/17/2001	Vallejo Stationers	Diskettes	5.34	5.34							
10/8/2001	Vallejo Stationers	Toner, cartridge, pens, paper	135.27	135.27							
	Vallejo Stationers	fire proof safe for bond documents (per PO)	1,459.00	1,459.00							
4/26/2002	Discovery Office Systems	Toner cartridges for FMO (per req)	114.18	114.18							
2/13/2002	Discovery Office Systems	Copier (FMO per req)	8,567.49	8,567.49							
9/14/2001	Discovery Office Systems	Copier Maint Agreement for FMO (per PO)	558.96	558.96							
3/27/2002	US Postmaster	Standard nonprofit saturation route	3,839.35	3,839.35							
3/20/2002	Laurie Famera	Albertsons, Safeway, Longs, Rite Aid - for fiscal comm.	75.64	75.64							
10/10/2001	Laurie Famera	Albertsons	4.96	4.96							
8/3/2001	Bill Levinson	Sacramento Bond Sale	51.06	51.06							
6/7/2002	Arvo Toukonen	Conference - car rental, airfare, parking, housing	291.40	291.40							
6/7/2002	Arvo Toukonen	State Construction Funding Process attendance	130.00	130.00							
	Erika Nielson Andrew	Consulting	1,000.00	1,000.00							
7/20/2001	School & College Legal Service	Legal services in reference to bond issues-May & June 2001	729.00	729.00							
3/13/2002	School & College Legal Service	Annual retainer for legal svc assoc w/ bond prgm moderniz.	3,920.00	3,920.00							
2/21/2002	MC Lindheimer	Bond acct - Consulting - January 02	1,045.00	1,045.00							
12/5/2001	MC Lindheimer	Bond acct - Consulting - October -01	3,588.75	3,588.75							
1/9/2002	MC Lindheimer	Bond Acct - Consulting - November - 01	577.50	577.50							
3/27/2002	MC Lindheimer	Bond Acct - Consulting - February & March	701.25	701.25							
5/15/2002	VBN Architects	March - Schematic design, design development, const docs, etc	11,040.00				11,040.00				
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	11,250.00				11,250.00				
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	10.00		10.00						
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	30.00			30.00					

Date	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
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	1,000.00				1,000.00				
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	1,000.00					1,000.00			
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	920.00						920.00		
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	20.00							20.00	
4/26/2002	VBN Architects	Feb/Mar - Schematic design, design dev, const docs, etc	20.00								20.00
3/13/2002	VBN Architects	Predesign services - Jan	22,500.00				22,500.00				
11/7/2001	VBN Architects	Predesign services - sept	33,750.00				33,750.00				
10/31/2001	VBN Architects	Predesign services - aug	22,500.00				22,500.00				
12/21/2001	VBN Architects	Predesign services - oct	33,750.00				33,750.00				
1/11/2002	VBN Architects	Predesign services - nov	22,500.00				22,500.00				
2/6/2002	VBN Architects	Predesign services - dec	45,000.00				45,000.00				
9/26/2001	VBN Architects	Predesign services - july	11,250.00				11,250.00				
1/23/2002	Sensible Environmental Solutions	Sept - Nov Services (split based on separate invoices per site)	253.85		253.85						
1/23/2002	Sensible Environmental Solutions	Sept - Nov Services (split based on separate invoices per site)	761.53			761.53					
1/23/2002	Sensible Environmental Solutions	Sept - Nov Services (split based on separate invoices per site)	17,668.50					17,668.50			
1/23/2002	Sensible Environmental Solutions	Sept - Nov Services (split based on separate invoices per site)	23,353.74						23,353.74		
1/23/2002	Sensible Environmental Solutions	Sept - Nov Services (split based on separate invoices per site)	507.69							507.69	
1/23/2002	Sensible Environmental Solutions	Sept - Nov Services (split based on separate invoices per site)	507.69								507.69
6/7/2002	Sensible Environmental Solutions	Asbestos in Room 507 at Redwood High School	2,143.00						2,143.00		
5/17/2002	Sensible Environmental Solutions	Hazardous material consulting at Tamiscal High School	1,617.50								1,617.50
5/17/2002	Sensible Environmental Solutions	Asbestos crawlspaces at Sir Francis Drake High School	4,195.00					4,195.00			
3/14/2002	Division of State Architect	Project filing fee based on construction budget for Drake	72,847.00					72,847.00			
4/3/2002	Division of State Architect	Project filing fee based on construction budget for TAM	109,041.00				109,041.00				
4/3/2002	Division of State Architect	Project filing fee based on construction budget for Redwood	99,226.00						99,226.00		
4/3/2002	Division of State Architect	Project filing fee based on construction budget for San And.	6,644.00							6,644.00	
4/3/2002	Division of State Architect	Project filing fee based on construction budget for Tamiscal	11,320.00								11,320.00
10/17/2001	Division of State Architect	Project filing fee based on construction budget	225.00	225.00							
4/26/2002	Beals Alliance	Predesign services	5,287.00				5,287.00				
4/26/2002	Beals Alliance	Predesign services	5,287.00					5,287.00			
4/26/2002	Beals Alliance	Predesign services	5,286.00						5,286.00		
6/28/2002	Beals Alliance	Predesign services	4,626.00				4,626.00				
6/28/2002	Beals Alliance	Predesign services	4,626.00					4,626.00			
6/28/2002	Beals Alliance	Predesign services	4,625.50						4,625.50		
12/5/2001	Deems Lewis McKinley	Drake Design development, construction docs, DSA approval	6,250.00					6,250.00			
1/9/2002	Deems Lewis McKinley	Drake masterplan	16,250.00					16,250.00			
10/31/2001	Deems Lewis McKinley	Drake modernization fee	13,000.00					13,000.00			
9/5/2001	Deems Lewis McKinley	Drake modernization fee	3,225.00					3,225.00			
5/17/2002	Deems Lewis McKinley	Drake Design development, construction docs, bidding, admin	123,600.55					123,600.55			
4/5/2002	Quattrocchi & Kwok Architects	Tamascal architect fees	36,382.50								36,382.50
6/30/2002	Quattrocchi & Kwok Architects	Tamascal architect fees	13,950.41								13,950.41
6/14/2002	Harding ESE	Redwood project geologist, etc	3,440.68						3,440.68		
2/6/2002	Harding ESE	Athletic field engineering	14,076.00						14,076.00		
4/17/2002	RotoRooter	Relocated storm and sewer lines	8,611.20						8,611.20		
5/15/2002	Smith Fause & McDonald, Inc.	Bond modernization fee - drawing plots etc	9,238.00						9,238.00		
3/20/2002	TSG Networks	Cabling for student information system modernization	7,200.00			7,200.00					
6/30/2002		Construction services	12,849.00		12,849.00						
		Invoices Tested	1,237,022.07	372,584.73	13,112.85	7,991.53	333,494.00	267,949.05	170,920.12	7,171.69	63,798.10
		Payroll Tested	141,975.00	141,975.00	-	-	-	-	-	-	-
		Total Tested	1,378,997.07	514,559.73	13,112.85	7,991.53	333,494.00	267,949.05	170,920.12	7,171.69	63,798.10
		Total Expenditures	4,196,970.00	1,467,397.00	48,986.00	14,759.00	888,081.00	873,307.00	669,141.00	21,287.00	214,011.00
		Percent Tested	32.9%	25.4%	26.8%	54.1%	37.6%	30.7%	25.5%	33.7%	29.8%

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
FINANCIAL REPORT
DECEMBER 31, 2002

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
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DECEMBER 31, 2002

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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 building fund of the Tamalpais Union High School District, as of and for the six months ended December 31, 2002, 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, 2002, and the results of its operations for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
February 14, 2003

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
BALANCE SHEET
DECEMBER 31, 2002

ASSETS	
Cash and investments	$ 61,067,990
Accounts receivable	274,944
Total Assets	$ 61,342,934
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	5,220,998
Due to general fund	763
Total Liabilities	5,221,761
FUND EQUITY	
Fund balances	
Undesignated	56,121,173
Total Fund Equity	56,121,173
Total Liabilities and Fund Equity	$ 61,342,934

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, 2002

REVENUES	
Interest income	$ 540,758
Total Revenues	540,758
EXPENDITURES	
Current Expenditures	
Classified salaries	114,154
Employee benefits	25,348
Books and supplies	20,942
Services and operating expenditures	362,087
Capital outlay	
Architectural services	2,623,980
Permanent construction	7,401,053
Construction management	989,561
Other capital outlay	266,938
Total Expenditures	11,804,063
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(11,263,305)
OTHER FINANCING SOURCES/(USES)	
Other sources	50,517,425
Other uses	(262,242)
Total Other Financing Sources/(Uses)	50,255,183
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	38,991,878
FUND BALANCE, BEGINNING OF YEAR	17,129,295
FUND BALANCE, END OF PERIOD	$ 56,121,173

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 – BUDGET AND ACTUAL
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	$ 265,814	$ 540,758	$ 274,944
Total Revenues	265,814	540,758	274,944
EXPENDITURES			
Current Expenditures			
Classified salaries	218,321	114,154	104,167
Employee benefits	49,734	25,348	24,386
Books and supplies	35,900	20,942	14,958
Services and operating expenditures	1,611,800	362,087	1,249,713
Capital outlay			
Architectural services	5,107,000	2,623,980	2,483,020
Permanent construction	8,141,400	7,401,053	740,347
Construction management	1,650,000	989,561	660,439
Other capital outlay	1,380,765	266,938	1,113,827
Total Expenditures	18,194,920	11,804,063	6,390,857
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(17,929,106)	(11,263,305)	6,665,801
OTHER FINANCING SOURCES/(USES)			
Other sources	50,255,183	50,517,425	262,242
Other uses	-	(262,242)	(262,242)
Total Other Financing Sources/(Uses)	50,255,183	50,255,183	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	32,326,077	38,991,878	6,665,801
FUND BALANCE, BEGINNING OF YEAR	17,129,295	17,129,295	-
FUND BALANCE, END OF PERIOD	$49,455,372	$56,121,173	$ 6,665,801

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

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. 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.

Beginning July 2002, governmental funds for agencies of this size are generally accounted for using the full accrual basis of accounting. The financial statements of the Tamalpais Union High School District building funds continue to be accounted for under the modified accrual basis of accounting which was generally accepted until June 2002. 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. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with state law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in these financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

E. Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

F. 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.

G. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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.

H. 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 $1,410,000 for December invoices for construction services in which invoices had not yet been received from the contractors.

TAMALPAIS UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE #2 – INVESTMENTS

Investments at December 31, 2002, 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	$61,067,990	$61,190,126	*

* Fair value factor as of June 30, 2002. The most recent information available from the County Treasurer.

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.

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at December 31, 2002, consist of the following:

Interest	$ 274,944

NOTE #4 – INTERFUND TRANSACTIONS

Interfund Payables (Due To)

The amount of interfund payable balance due at December 31, 2002, is $763. This amount is due from the building fund to the general fund.

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at December 31, 2002, consists of the following:

Vendor payables	$ 5,217,840
Salaries	3,158
Total	$ 5,220,998

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	$56,121,173

NOTE #7 – GENERAL LONG-TERM DEBT

A. Long-Term Debt Summary

Under the modified accrual basis of accounting, liabilities for long-term debt are reported in the general long term debt account group rather than the building or other funds. A schedule of changes in long-term debt for the six months ended December 31, 2002, is shown below:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
General obligation bonds	$20,820,000	$49,580,000	$ 550,000	$69,850,000
Amount currently available and reserved for retirement of general long-term debt				
Bond interest and redemption fund				1,543,456 *
Amount to be provided for retirement of general long-term debt				$68,306,544

* As of June 30, 2002, the most recent information available.

B. General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Beginning of Year	Issued	Redeemed	Bonds End of Year
2001	2026	3.375-5.50	$20,820,000	$20,820,000	$ -	$ 550,000	$20,270,000
2002	2027	3.0-6.0	49,580,000	-	49,580,000	-	49,580,000
				$20,820,000	$49,580,000	$ 550,000	$69,850,000

Debt Service Requirements

The general obligation bonds mature through 2027 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2003	$ -	$ 482,946	$ 482,946
2004	1,825,000	4,282,523	6,107,523
2005	1,790,000	3,169,335	4,959,335
2006	1,865,000	3,080,088	4,945,088
2007	1,950,000	3,006,041	4,956,041
Thereafter	62,420,000	36,192,675	98,612,675
Total	$ 69,850,000	$ 50,213,608	$ 120,063,608

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of December 31, 2002, the building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Tamalpais High School modernization projects	$ 834,015	through 6/30/05
Sir Francis Drake High School modernization projects	769,993	through 6/30/05
San Andreas High School modernization projects	26,385	through 6/30/05
District office modernization projects	19,092	through 6/30/05
Corporate yard modernization projects	44,355	through 6/30/05
Total	$ 1,693,840	

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
REPORT
DECEMBER 31, 2002

vtd

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

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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 July 1, 2002 to December 31, 2002 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 those requirements. 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.

2. Total expenditures and commitments through December 31, 2002, were $17,797,791.

3. An analysis of expenditures is as follows:

Expenditures	Prior Periods	7/1/2002 to 12/31/02	Total
Salaries and benefits	$ 183,027	$ 139,502	$ 322,529
Supplies	15,806	20,942	36,748
Services	863,888	362,087	1,225,975
Capital outlay			
Architectural services	3,237,167	2,623,980	5,861,147
Permanent construction		7,401,053	7,401,053
Construction management		989,561	989,561
Other capital outlay		266,938	266,938
Total expenditures	$ 4,299,888	$ 11,804,063	16,103,951
Contract commitments, December 31, 2002			1,693,840
Total expenditures and commitments			$ 17,797,791

Available unspent funds from the first and second bond series as of December 31, 2002 are:

General obligation bonds proceeds, series 1	$ 20,820,000
General obligation bonds proceeds, series 2	49,580,000
Bond premium less underwriters discount	675,183
Interest earned in building fund	1,149,941
Total expenditures and commitments	(17,797,791)
Amount available	$ 54,427,333

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 construction services. 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 bond interest and redemption funds.

3. Our review of the expenditures for the period July 1, 2002, through December 31, 2002, 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. We did not request that management of the District obtain any legal opinions on expenditures for the period of July 1, 2002 to December 31, 2002. No teacher stipends were paid during the period. Approved change orders during the period were not significant, however we reviewed the GCCI change order for $6,428. We reviewed construction services for 60% of architectural services and 29% of construction management services.

4. The internal control policies of the District were adhered to with the exception that the 30-day timeframe for processing disbursements was exceeded when two disbursements to Deems Lewis, McKinley were processed between 50-55 days after receipt and three other disbursements occurred within 31-35 days of receipt.

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
February 14, 2003

Tamalpais Union H. School District
Supplemental Information
Bond Expenditures Reviewed in Applying Agreed Upon Procedures
12/31/2002

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
8/19/2002	2250	PY-081902 PY Specm	O/T - Mohammad (custodial $991), Amaral (Alarms $124), Dasilva (Alarm $113)	1,227.27	1,227.27			-				
8/2/2002	5849	Government Financial	Professional services - tax rate admin - 11/1/02 to 11/30/02	1,577.59	1,577.59							
9/4/2002	6210	VBN Architects	Professional services - 7/1/02 to 7/31/02 -schematic design	32,068.95	-			32,068.95				
9/11/2002	6240	Abestos Control Center	Remove and dispose of abestos containing floor tiles and associated carpet	14,868.00			14,868.00					
9/13/2002	2250	PY -091302 PY-Mid	O/T-Mohammed (custodial $1,067)	1,067.22	1,067.22							
9/18/2002	6210	Deems Lewis Mckinley	Professional services - 7/1/02 to 7/31/02 -schematic design	18,334.26	-				18,334.26			
9/18/2002	6240	GCCI Inc	Construction-Original $818,872 - no change orders	42,117.28		42,117.28						
9/25/2002	6210	Deems Lewis Mckinley	Prof svcs-schematic design,develop, docs, bid, admin-8/1/02 to 8/31/02-Summer 02	23,062.77					23,062.77			
10/11/2002	6210	Quattrocchi & Kwok Architects	Professional services - 8/1/02 to 8/31/02	118,590.50	-					118,590.50		
10/11/2002	6240	Ghilotti Bros Inc	Utilities and retaining wall - Original contract to date $1,395,119, change orders $0	469,413.36				469,413.36				
10/11/2002	5829	Miller Brown & Dannis	Attorney - construction issues - mostly related to Ghilotti Bros	9,744.98	9,744.98							
10/11/2002	5849	Sensible Enviromental	Hazardous material consulting	18,377.70					18,377.70			
10/14/2002	2250	PY - 101402 PY-Mid	O/T-Mohammed (custodial $1,016), Moore (re-key drake $407), Weldie (acctg $89)	1,513.05	1,513.05							
10/25/2002	5840	Diversified Graphic Services	Move Drake print shop to new facility-includes disconnecting and reconnecting equip.	9,900.00		9,900.00						
10/30/2002	6210	Deems Lewis Mckinley	Professional services-schematic design & development-8/1/02 to 8/31/02-Bldg 500	17,515.23					17,515.23			
10/30/2002	6210	Deems Lewis Mckinley	Professional services-schematic design & development-8/1/02 to 8/31/02-Phase 3	48,904.53					48,904.53			
11/6/2002	6281	Vanir Construction Management	Construction Management Services - 8/1/02 to 8/31/02	102,757.44	102,757.44							
11/27/2002	6240	GCCI Inc	Construction-Original $818,872, change orders $6,428 for electrical panel & floor change	167,913.49								167,913.49
11/27/2002	6210	Deems Lewis Mckinley	Professional services-schematic design-7/1/02 to 7/31/02-Phase 3	24,445.68					24,445.68			
12/4/2002	6210	Quattrocchi & Kwok Architects	Professional services - 10/1/02 to 10/31/02	263,058.75						263,058.75		
12/11/2002	6210	Deems Lewis Mckinley	Professional services-schematic design & development-10/1/02 to 10/31/02-Phase 3	44,137.32					44,137.32			
12/18/2002	6240	James Nolan Construction, Inc.	Construction - Original $2,425,000, no change orders	325,193.40						325,193.40		
12/18/2002	6240	Edward W. Scott Electric Inc	Progress billing on base contract - no change orders	216,984.60	-				216,984.60			
Accts Pay	6281	Vanir Construction Management	Construction Management Services - 9/1/02 to 9/30/02	182,208.96	182,208.96							
Accts Pay	6240	Ghilotti Bros Inc	Utilities and retaining wall - 11/1/02 to 11/30/02	160,279.56				160,279.56				
Accts Pay	6210	Deems Lewis Mckinley	Professional services-schematic design-11/1/02 to 11/30/02	55,063.85					55,063.85			
Accts Pay	6210	Deems Lewis Mckinley	Professional services-schematic design-12/1/02 to 12/31/02	655,527.50						655,527.50		
Accts Pay	6240	GCCI Inc	Construction - 11/1/02 to 11/30/02	108,030.21								108,030.21
Accts Pay	6240	GCCI Inc	Construction - 12/1/02 to 12/31/02	486,308.32		34,726.40						451,581.92
Accts Pay	6210	Quattrocchi & Kwok Architects	Professional services - 12/1/02 to 12/31/02	132,661.06			22,655.50		110,005.56			
			Invoices Tested	3,752,852.83	300,096.51	86,743.68	37,523.50	661,761.87	576,831.50	1,362,370.15	-	727,525.62
			Total Expenditures	11,804,063.00	880,213.00	276,491.00	65,204.00	2,337,069.00	2,281,567.00	4,702,191.00	(6,574.00)	1,267,902.00
			Percent Tested	31.8%	34.1%	31.4%	57.5%	28.3%	25.3%	29.0%	0.0%	57.4%

Tamalpais Union High School District
Bond Expenditures - Internal Control Walkthroughs
12/31/2002

Objective: To perform walkthrough of bond expenditure internal controls

Procedure: Review disbursements selected for testing and obtain backup documentation (invoices, PO, check requests etc) and perform the following
Verify invoice matches amount and payee.
Verify exenditure is approved by Viann or Arvo as being for the bond purpose.
Verify invoice is paid withing 30 days of receipt date
Review bid process if bid process occurred during audit period
If amount is based on hourly calculations, verify invoice includes employee breakdown.
If amount is based on hourly calculations, verify invoice includes employee timesheets
If amount is for a reimbursement, verify copy of receipt is attached.

Results:

Payee	Check Date	Description	Check #	PO #	Amount	Invoice Supports Disbursement	Documents have Appv initials Karl/ Viann/Arvo	Invoice Paid within 30 days	Reviewed Bid Docs/ Selection Memo	Includes hr & rate by employee breakdown	Verified Signed timesheets attached	Verified receipt copies for other exp (exc mileage)
Abestos Control Center	9/11/2002	Remove & dispose of abestos floor tiles & associated carpet	577743	030582	14,868.00	✓	✓	X1	a	n/a	n/a	n/a
Deems Lewis Mckinley	12/11/2002	Prof svcs-schematic design & development-10/1/02 to 10/31/02	589402	023937	44,137.32	✓	✓	✓	n/a	n/a	n/a	✓
Deems Lewis Mckinley	10/30/2002	Prof svcs-schematic design & development-8/1/02 to 8/31/02-Phase 3	584386	023937	48,904.53	✓	✓	X2	n/a	n/a	n/a	✓
Deems Lewis Mckinley	10/30/2002	Prof svcs-schematic design & development-8/1/02 to 8/31/02-Bldg 500	584386	023937	17,515.23	✓	✓	X2	n/a	n/a	n/a	✓
Deems Lewis Mckinley	11/27/2002	Prof svcs-schematic design-7/1/02 to 7/31/02-Phase 3	587961	023937	24,445.68	✓	✓	✓	n/a	n/a	n/a	n/a
Deems Lewis Mckinley	9/25/2002	Prof svcs-schematic design,develop, docs, bid, admin-8/1/02 to 8/31/02-Summer 02	579484	022464	23,062.77	✓	✓	✓	n/a	n/a	n/a	✓
Deems Lewis Mckinley	9/18/2002	Professional services - 7/1/02 to 7/31/02 -schematic design	578684	023937	18,334.26	✓	✓	X1	n/a	n/a	n/a	n/a
Diversified Graphics	10/25/2002	Move Drake print shop to Corp yard-includes disconnecting and reconnecting equip.	583894	031245	9,900.00	✓	✓	✓	✓	n/a	n/a	n/a
Edward Scott Electric	12/18/2002	Progress billing on base contract - no change orders	590342	030579	216,984.60	✓	✓	✗	n/a	n/a	n/a	n/a
GCCI Inc	11/27/2002	Construction - Original contract $818,872, change orders $6,428	587962	023923	167,913.49	✓	✓	X1	n/a	n/a	n/a	n/a
GCCI Inc	9/18/2002	Construction-Original $818,872 - no change orders	578685	023923	42,117.28	✓	✓	✓	n/a	n/a	n/a	n/a
Ghilotti Bros Inc	10/11/2002	Utilities and retaining wall - Original contract to date $1,395,119, change orders $0	582170	030578	469,413.36	✓	✓	✓	n/a	n/a	n/a	n/a
James Nolan Construct.	12/18/2002	Construction - Original $2,425,000, no change orders	590343	030524	325,193.40	✓	✓	✓	n/a	n/a	n/a	n/a
Sensible Environmental	10/11/2002	Hazardous material consulting	582128	023920	18,377.70	✓	✓	✓	n/a	n/a	n/a	n/a
Quattrocchi & Kwok	10/11/2002	Professional services (architects) - 8/1/02 to 8/31/02	582127	023936	118,590.50	✓	✓	✓	n/a	n/a	n/a	b
Quattrocchi & Kwok	12/4/2002	Professional services (architects) - 10/1/02 to 10/31/02	588491	023936	263,058.75	✓	✓	✓	n/a	n/a	n/a	b
VBN Architects	9/4/2002	Professional services - 7/1/02 to 7/31/02 -schematic design	577024	023935	32,068.95	✓	✓	✓	n/a	n/a	n/a	n/a
Government Financial	8/28/2002	Professional services - tax rate admin - 11/1/02 to 11/30/02	576169	023959	1,577.59	✓	✓	✓	n/a	n/a	n/a	n/a
Miller, Brown & Dannis	10/11/2002	Attorney - construction issues - mostly related to Ghilotti Bros	582126	023931	9744.98	✓	✓	✓	n/a	n/a	n/a	n/a
District payroll	10/9/2002	O/T-Mohammed (custodial $1,016), Moore (re-key drake $407), Weldie (acctg $89)	various	n/a	1,513.05	n/a	✓	✓	n/a	✓	✓	n/a
District payroll	9/10/2002	O/T-Mohammed (custodial $1,067)	various	n/a	1,067.22	n/a	✓	✓	n/a	✓	✓	n/a
District payroll	8/19/2002	O/T - Mohammad (custodial $991), Amaral (Alarms $124), Dasilva (Alarm $113)	various	n/a	1,513.05	n/a	✓	✓	n/a	✓	✓	n/a

X1 Paid within 31-35 days, not a significant exception
X2 Paid in 50-55 days, significantly exceeds districts policy of 30 days
✗ Unable to determine if timely paid, no received date stamped on invoice - invoice dated 10/31/02 and paid 12/18/02
a $15,000 is limit that requires bid - project for $14,868, no bid required, selection committee received two bids and selected this one
b includes reimbursable expense allowance agreed to in contract - no actual receipts required, no exception noted.

Conclusion: Internal controls appear to be operating according to our understanding. However, at various times throughout the year payment of invoices takes more than 30 days.
Reviewed bid process with Karl (Vanir) no bids ocurred between 7/02 and 12/02 - one re-award when a firm was disqualified, and one award for contract under bid limit