2001 GENERAL OBLIGATION
BOND BUILDING FUND OF
TAMALPAIS UNION HIGH SCHOOL DISTRICT

AUDIT REPORT
June 30, 2010

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Tamalpais Union High School District
Larkspur, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of the 2001 General Obligation Bond Building Fund (the "Fund") of Tamalpais Union High School District (the "District") as of June 30, 2010 and the related statement of revenues, expenditures and changes in fund balance for the two-year period then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the financial statements present only the individual 2001 General Obligation Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 2001 General Obligation Bond Building Fund of Tamalpais Union High School District, as of June 30, 2010, and the results of its operations for the two-year period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2010 on our consideration of the 2001 General Obligation Bond Building Fund of Tamalpais Union High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise 2001 General Obligation Bond Building Fund of Tamalpais Union High School District's basic financial statements. The other supplementary information, the Schedule of Expenditures Tested, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Nigro & Nigro, PC

October 6, 2010

Financial Section

2001 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Balance Sheet
June 30, 2010

ASSETS		
Cash	$	5,624,238
Total Assets	$	5,624,238
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	92,388
Due to other funds		425
Total Liabilities		92,813
Fund Balances		
Unreserved		5,531,425
Total Liabilities and Fund Balance	$	5,624,238

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

2001 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Two-Year Period Ended June 30, 2010

REVENUES		
Interest earnings	$	246,772
Total Revenues		246,772
EXPENDITURES		
Classified salaries		420,949
Benefits		27,419
Services and other operating expenditures		329,254
Capital outlay		2,904,717
Debt issuance cost		138,883
Total Expenditures		3,821,222
Excess (Deficiency) of Revenues Over (Under) Expenditures		(3,574,450)
OTHER FINANCING SOURCES & USES		
Proceeds from refunding bonds		48,210,000
Bond issuance premium		6,311,969
Payments to refunded debt escrow agent		(54,383,086)
Total Other Financing Sources		138,883
Net Change in Fund Balance		(3,435,567)
Fund Balance, July 1, 2008		8,966,992
Fund Balance, June 30, 2010	$	5,531,425

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements include only the 2001 General Obligation Bond Building Fund. 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. On June 24, 2010, the District issued Series 2010 General Refunding Bonds in the amount of $48,210,000. The bonds to be refunded constitute all those Tamalpais Union High School District General Obligation Bonds, Election of 2001, Series 2001 maturing on or after August 1, 2012, and all those Tamalpais Union High School District General Obligation Bonds, Election 2001, Series 2002 maturing on and after August 1, 2012. These financial statements were 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.

The operations of the 2001 General Obligation Bond 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.

B. Accounting Policies

The Tamalpais Union High School District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Basis of Accounting

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

The financial statements of the 2001 General Obligation Bond Building Fund are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Cash in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The weighted average maturity of investments in the portfolio is less than one year.

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Agency Securities	5 years	None	None
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The Fund maintains investments with the Marin County Non-Pooled Investment with a fair value of approximately $5,635,486 and an amortized book value of $ 5,624,238. The average weighted maturity for this pool is 281 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Marin County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2010.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external non-pooled investment or mutual funds and are therefore exempt.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

A. Due From/Due To Other Funds

Individual interfund receivable and payable balances as of June 30, 2010 are as follows:

Building Fund due to General Fund for teacher moving stipends	$	425

NOTE 4 – CONSTRUCTION COMMITMENTS

As of June 30, 2010, the District had commitments with respect to unfinished capital projects of approximately $0.5 million to be paid from the Series 2001 funds.

NOTE 5 – 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.

The bonds were authorized at an election of the registered voters of the District held on March 6, 2001, at which 66.7% of the voters authorized the issuance and sale of $121,000,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to enhance the quality of education through facility modernization and technology upgrades throughout the District.

NOTE 5 – LONG-TERM DEBT (continued)

On June 24, 2010 the District issued $48,210,000 of 2010 General Obligation Refunding Bonds. The bonds consist of serial bonds bearing fixed rates ranging from 0.5 to 5.0 percent with annual maturities from February, 2010 through August, 2027. The net proceeds of $54,190,245 (after issuance costs and underwriters discounts of $331,724, plus premium of $6,311,969) were used to advance refund $14,220,000 of the District's Election of 2001 General Obligation Bonds and $37,250,000 of the Election of 2002 General Obligation Bonds, in addition to paying the costs of issuance associated with the refunding bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities.

2001 General Obligation Bonds have been issued and are outstanding as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance. July 1, 2008	Additions	Deductions	Balance, June 30, 2010
2001	2026	3.375 - 5.50%	$ 20,820,000	$ 17,140,000	$ -	$ 14,865,000	$ 2,275,000
2002	2027	3.0 - 6.0%	49,580,000	43,250,000	-	38,480,000	4,770,000
2004	2029	4.5 - 5.5%	50,600,000	47,575,000	-	2,920,000	44,655,000
2010 Refunding	2028	0.5 - 5.0%	48,210,000	-	48,210,000	-	48,210,000
			$ 169,210,000	$ 107,965,000	$ 48,210,000	$ 56,265,000	$ 99,910,000

NOTE 5 – LONG-TERM DEBT (continued)

The 2001 General Obligation Bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest	Total
2010-11	$ 3,825,000	$ 4,905,179	$ 8,730,179
2011-12	5,170,000	6,929,928	12,099,928
2012-13	6,530,000	6,703,948	13,233,948
2013-14	4,380,000	4,027,400	8,407,400
2014-15	4,200,000	3,839,875	8,039,875
2015-20	24,420,000	15,945,325	40,365,325
2020-25	27,920,000	9,635,750	37,555,750
2025-29	23,465,000	2,077,625	25,542,625
Total	$ 99,910,000	$ 54,065,030	$ 153,975,030

NOTE 6 – CONTINGENCIES

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

NOTE 7 – AUDIT REQUIREMENT

The District has conducted annual independent financial audits of the proceeds from the sale of the bonds. The District has made the bond fiscal oversight committee aware of the final uses of bond proceeds for school facilities projects that are in line with the bond ballot language. Unless requested by the bond fiscal oversight committee, no further bond audit requirements apply.

Supplementary Information

2001 GENERAL OBLIGATION BOND BUILDING FUND OF TAMALPAIS UNION HIGH SCHOOL DISTRICT
Schedule of Expenditures Tested
June 30, 2010

Date	Vendor	Reference	Description	Amount	District	Tamalpais	Drake	Redwood
3/3/10	Beverly Prior Architects	AP 030310	Pre-Design architectural service	$ 69,330	$ -	$ -	$ -	$ 69,330
1/21/09	Quattrocc	PO-023936	Design and Construction	88,892	-	-	-	88,892
3/3/10	Deems Lewis	PO-023937	Increment #3 & #4	47,243	47,243	-	-	-
1/23/09	Haulaway	PO-050179	Storage Containers	95	-	-	-	95
6/5/09	Haulaway	PO-050179	Storage Containers	89	-	-	-	89
1/23/09	National	PO-061616	Temporary Fence	30	-	30	-	-
10/3/08	Mobile Mini	PO-063700	Storage Containers	59	-	59	-	-
2/4/09	Miller Brown and Dannis	PO-070703	Legal Services	227	227	-	-	-
10/31/08	WLC Architects	PO-072336	Keyser Hall Construction	22,195	-	22,195	-	-
12/2/09	WLC Architects	PO-073509	Elevator and Landscape	631	-	631	-	-
9/29/08	Roebbelen	PO-082839	Announcers Booths	242,352	-	80,784	80,784	80,784
11/12/08	Roebbelen	PO-082839	Announcers Booths	406,548	-	135,516	135,516	135,516
2/27/09	Roebbelen	PO-082839	Announcers Booths	72,099	-	24,033	24,033	24,033
2/27/09	Roebbelen	PO-082839	Announcers Booths	118,065	-	39,355	39,355	39,355
8/18/08	Blinds Of Marin	PO-090388	Drapery Track System	649	-	-	649	-
1/28/09	Blinds Of Marin	PO-090388	Drapery Track System	621	-	-	621	-
8/29/08	C Overaa	PO-090616	Elevator Project	75,167	-	75,167	-	-
9/29/08	C Overaa	PO-090616	Elevator Project	46,081	-	46,081	-	-
11/12/08	C Overaa	PO-090616	Elevator Project	50,608	-	50,608	-	-
12/19/08	C Overaa	PO-090616	Elevator Project	87,856	-	87,856	-	-
1/30/09	C Overaa	PO-090616	Elevator Project	114,303	-	114,303	-	-
2/18/09	C Overaa	PO-090616	Elevator Project	96,730	-	96,730	-	-
4/8/09	C Overaa	PO-090616	Elevator Project	162,243	-	162,243	-	-
4/22/09	C Overaa	PO-090616	Elevator Project	96,383	-	96,383	-	-
6/17/09	C Overaa	PO-090616	Elevator Project	82,854	-	82,854	-	-
6/26/09	C Overaa	PO-090616	Elevator Project	77,992	-	77,992	-	-
6/26/09	C Overaa	PO-090616	Elevator Project	149,911	-	149,911	-	-
10/7/09	C Overaa	PO-090616	Elevator Project	102,203	-	102,203	-	-
10/7/09	C Overaa	PO-090616	Elevator Project	81,451	-	81,451	-	-
10/17/09	C Overaa	PO-090616	Elevator Project	32,274	-	32,274	-	-
10/28/09	C Overaa	PO-090616	Elevator Project	68,258	-	68,258	-	-
1/20/10	C Overaa	PO-090616	Elevator Project	69,297	-	69,297	-	-
1/22/10	C Overaa	PO-090616	Elevator Project	52,730	-	52,730	-	-
1/22/10	M.A. Davies Builders, Inc.	PO-100886	White Boards	700	-	700	-	-
10/2/09	VBN Architects	PO-100887	Final Fees	2,286	-	2,286	-	-
6/30/10	Beverly Prior Architects	EP-100246	Fine Arts Clasroom	19,250	-	-	-	19,250
6/30/10	Cornely Company	EP-100329	Replace boiler in Palmer Hall	14,500	-	14,500	-	-
6/30/10	CSW/Struber Stroeh Engineer	EP-100093	Fine Arts Topo Survey	425	-	-	-	425
6/30/10	CSW/Struber Stroeh Engineer	EP-100307	Fine Arts Topo Survey	4,039	-	-	-	4,039
6/30/10	Miller Brown & Dannis	EP-100514	Legal Services	11,251	-	11,251	-	-
6/30/10	Miller Brown & Dannis	EP-100516	Legal Services	23,423	-	23,423	-	-
6/30/10	Van Pelt Construction Services	EP-100114	Theater HVAC	9,152	-	9,152	-	-
			Invoices Tested	$ 2,600,492	$ 47,470	$ 1,810,256	$ 280,958	$ 461,808
			Total Expenditures	3,821,222				
			Percent Tested	68%				

Other Independent Auditors' Reports

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the accompanying balance sheet of the 2001 General Obligation Bond Building Fund of Tamalpais Union High School District (the "District") as of June 30, 2010, and the related statement of revenues, expenditures and changes in fund balance for the two-year period then ended. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tamalpais Union High School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tamalpais Union High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tamalpais Union High School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 2001 General Obligation Bond Building Fund of Tamalpais Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the 2001 Bond Fiscal Oversight Committee, the District Governing Board, management, and the taxpayers of Tamalpais Union High School District and is not intended to be and should not be used by anyone other than the specified parties.

Nigro & Nigro, PC

October 6, 2010

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

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

We have examined the Tamalpais Union High School District's (the "District") compliance with the performance requirements for the 2001 Bond Building Fund for the two-year period ended June 30, 2010, under the applicable provisions of Section 1(b)(3)(C) of Article XIIIA of the California Constitution as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

- The expenditures charged to the Tamalpais Union High School District Building Fund are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of the 2001 General Obligation Bond.
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Fiscal Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2008 to June 30, 2010. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were also included within the scope of our audit. Expenditures incurred subsequent to June 30, 2010 were not reviewed or included within the scope of our audit or in this report.

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the two-year fiscal period year ended June 30, 2010 for the Building Fund. Within the fiscal years audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of the 2001 General Obligation Bond with regards to the approved bond projects list. We performed the following procedures:

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

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

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

- We tested approximately $3.0 million in bond fund invoices paid, which is a combination of 2008-09 and 2009-10 expenditures and payments on liabilities accrued as of June 30, 2010 and paid in 2010-11. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to the construction management company, subcontractors and other vendors.

- We reviewed the approved project listing as set out in the 2001 General Obligation Bond election documents.

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

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

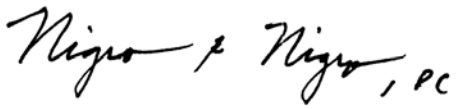
- We verified that the lease-leaseback agreement contained provisions or information that included the value of the lease, that the title to the improvements on the site vests with the District upon completion of the project, and that the lease shall terminate within 180 days of the filing of a notice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

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

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

In our opinion, the District complied with the compliance requirements for the 2001 General Obligation Bond proceeds listed and tested above.

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



October 6, 2010