TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
REPORT
JUNE 30, 2005

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 January 1, 2005 to June 30, 2005 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, 2005 were $119,160,079.

3. An analysis of expenditures is as follows:

Expenditures	Prior Periods	1/1/05 to 06/30/05	Total
Salaries and benefits	$ 1,196,769	$ 277,105	$ 1,473,874
Supplies	101,576	32,126	133,702
Services	5,556,048	973,670	6,529,718
Capital outlay			
Architectural services	10,796,245	955,662	11,751,907
Permanent construction	56,417,907	12,274,662	68,692,569
Construction management	5,222,804	1,043,764	6,266,568
Other capital outlay	1,593,111	222,548	1,815,659
Total expenditures	$ 80,884,460	$ 15,779,537	96,663,997
Contract commitments, June 30, 2005			22,496,082
Total expenditures and commitments			$ 119,160,079

Available unspent funds from the bond as of June 30, 2005 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	3,320,501
Bond project expenditures funded by state grants	14,210,495
Bond project expenditures funded by federal repair and renovation grant	149,040
Bond project expenditures funded by local grants	143,588
Total expenditures and commitments	(119,160,079)
Amount available	$ 19,663,545

Agreed Upon Procedures Performed

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

2. Select 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.

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

Results of Procedures

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

2. Our review of the expenditures for the period January 1, 2005, through June 30, 2005, 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, 2005 to June 30, 2005.

   Approved change orders during the period were $3,003,055, of which all change orders over $25,000, 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 $34,249, of which 86% 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 $3,973,693 and were reviewed for description of services and board approval, and which did not reveal any items that did not comply with the bond purpose.

3. 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 three 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 delays was due to the need for a modification to the purchase order. The other two items were delayed due to the need to transfer budget amounts or obtain board approval.

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
September 22, 2005

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES
JANUARY 1, 2005 TO JUNE 30, 2005

Date	Object Code	Vendor	Description from invoice or estimated payable form	Amount	District - wide 001	Corp Yard 007	District Office 051	Tamalpais 052	Drake 053	Redwood 054	San Andreas 055	Tamiscal 056
03/04/05	6240	Valleycrest Landscape Development	Landscaping services	46,159	-	-	-	-	46,159		-	-
03/04/05	6240	Eastbay Restaurant	Sink Installation	13,735	-	-	-		-	13,735	-	-
03/09/05	6240	Vila Construction	Construction	296,370	-	-	-		296,370	-	-	-
03/30/05	6240	Arntz Builders	Construction	155,688		-	-	-	-	155,688	-	-
04/20/05	6240	Vila Construction	Construction	596,612		-	-	-	596,612	-	-	-
05/02/05	6240	Arntz Builders	Construction	1,039,488	-	-	-	1,039,488	-	-	-	-
05/11/05	6240	Arntz Builders	Construction	364,244	-	-		364,244	-	-	-	-
06/29/05	4303	Office Depot	Office Supplies	219	219	-	-		-	-	-	-
06/30/05	4303	Office Depot	Office Supplies	518	518	-		-	-	-	-	-
06/10/05	5625	Mobile Kitchens	Container Kitchen Rental	5,511	-	-		-	5,511	-	-	-
06/30/05	5625	Mobile Kitchens	Container Kitchen Rental	16,669		-	-	16,669	-	-	-	-
03/09/05	5840	Haulway Storage Containers	Storage Container Rental	345	-	-	-	-	345	-	-	-
03/09/05	5840	Nor-Cal Moving Service	Storage Rental	13,719	-	-	-		-	13,719	-	-
04/20/05	5840	Nor-Cal Moving Service	Storage Rental	2,907	-	-	-	2,907	-	-	-	
03/30/05	5849	TSG Networks	IT services	7,993	7,993	-	-	-	-	-	-	
04/20/05	5849	Sensible Environmental	Hazardous Materials Consulting	15,334	-	-	-	-	15,334	-	-	-
06/01/05	5849	Roy's Sewer Service	Clear storm drain at THS fields	18,835	-	-	-	18,835	-	-	-	-
05/09/05	5970	SBC/MCI	Telephone Bill	127	127	-	-	-	-	-	-	-
03/30/05	6240	Vila Construction	Construction	489,518	-	-	-	-	489,518	-	-	-
05/27/05	5840	Cor-O-Van Moving	25 black carts @ 25 each/month	1,750	-	-	-	1,750	-	-	-	-
04/06/05	6240	Arntz Builders	Construction	145,126	-	-	-	145,126	-	-	-	-
04/06/05	6240	Arntz Builders	Construction	110,115	-	-	-	110,115	-	-	-	-
06/10/05	6210	Quattrocchi Kwok	Gustafson Gym Floor Repair	6,169	-	-	-	6,169	-	-	-	-
06/10/05	6281	Vanir Construction	Construction Mgmt Services	42,706	42,706	-	-	-	-	-	-	-
05/20/05	6281	Vanir Construction	Construction Mgmt Services	62,989	62,989	-	-	-	-	-	-	-

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES
JANUARY 1, 2005 TO JUNE 30, 2005

04/20/05	6281	Vanir Construction	Construction Mgmt Services	59,431	59,431	-	-	-	-	-	-	-
03/30/05	6240	Arntz Builders	Construction	100,158	-	-	-	-	-	100,158	-	-
04/20/05	6240	Arntz Builders	Construction	300,309	-	-	-	-	-	300,309	-	-
05/18/05	6240	Arntz Builders	Construction	189,426	-	-	-	-	-	189,426	-	-
04/08/05	4300	Sargent Welch	New Science Equipment for RHS	10,000	10,000	-	-	-	-	-	-	-
03/23/05	6281	Vanir Construction	Construction Mgmt Services	70,694	70,694	-	-	-	-	-	-	-
04/06/05	5849	Sensible Environmental	Indoor Air Quality Services for March 2005	4,895	-	-	4,895	-	-	-	-	-
08/03/05	5849	MS Environmental Solutions	Indoor Air Quality Services performed in May & June 2005	10,468	-	-	10,468	-	-	-	-	-
02/17/05	5625	City of Sausalito	Tennis court rentals	12,665	-	-	-	12,665	-	-	-	-
03/09/05	5625	National Construction Rentals	Holding tank rental and service for 1/22/05-4/15/05	10,791	-	-	-	10,791	-	-	-	-
06/30/05	6281	Vanir Construction	Construction Mgmt Services for June 2005	11,340	-	-	-	-	-	-	11,340	-
12/17/04	6210	Quattrocchi Kwok	Journal entry 1/11/05 to move architect expense from San Andreas to Corp Yard	28,523	-	28,523	-	-	-	-	-	-
04/13/05	6240	Sensible Environmental	Mold screening and inspections at Tamiscal	4,810	-	-	-	-	-	-	-	4,810
			Total Invoices Tested	4,266,356	254,677	28,523	15,363	1,728,759	1,449,849	773,035	11,340	4,810
			Total Expenditures	15,779,537	815,297	28,523	61,319	6,889,845	5,241,983	2,707,420	28,708	6,442
			Percent Tested	27.0%	31.2%	100.0%	25.1%	25.1%	27.7%	28.6%	39.5%	74.7%

TAMALPAIS UNION HIGH SCHOOL

SUPPLEMENTAL INFORMATION
FOCUS AREAS
JUNE 30, 2005

Change Orders Contractor	Location	Increment/project	Change Order #	Amount	Approved by Board
Arntz Builders	Tamalpais	Increment 3	5	$ 107,866	1/11/2005
Arntz Builders	Tamalpais	Increment 3	6	122,801	3/8/2005
Arntz Builders	Tamalpais	Increment 3	7	75,258	3/8/2005
Arntz Builders	Tamalpais	Increment 3	8	721,413	4/5/2005
Arntz Builders	Tamalpais	Increment 3	9	61,160	4/26/2005
Villa Construction	Drake	Increment 3	14	30,651	3/8/2005
Villa Construction	Drake	Increment 3	15	266,756	4/26/2005
Villa Construction	Drake	Increment 3	16	42,205	6/14/2005
Villa Construction	Drake	Increment 4	5	100,878	3/8/2005
Villa Construction	Drake	Increment 4	6	32,846	4/26/2005
Villa Construction	Drake	Increment 4	7	208,662	6/14/2005
Michael Paul Company	Tamalpais	Increment 4U	1	54,685	3/8/2005
Michael Paul Company	Tamalpais	Increment 4U	2	41,334	4/26/2005
Arntz Builders	Redwood	Increment 2	25	126,351	3/22/2005
Arntz Builders	Redwood	Increment 2	26	125,944	4/5/2005
Arntz Builders	Redwood	Increment 2	27	41,054	4/26/2005
Arntz Builders	Redwood	Increment 2	28	147,850	5/21/2005
Arntz Builders	Redwood	Increment 2	29	30,523	6/14/2005
Arntz Builders	Redwood	Increment 2	23	256,207	1/11/2005
Arntz Builders	Redwood	Increment 2	24	55,318	2/8/2005
Interstate Grading and Paving	Tamalpais	Main Fields	4	109,925	4/5/2005
Interstate Grading and Paving	Tamalpais	Main Fields	3	91,438	1/25/2005
Valley Crest	Drake	Main Fields	6	102,647	4/26/2005
Total tested				2,953,772	
Total approved during period				3,003,055	
Percent tested				98%	

Moving Stipends *Payee*	Location	Description	Amount	Matches move pay authorization
Various	Redwood	April moving stipends	$ 15,185	Yes
Various	Drake	March moving stipends	14,404	Yes
Total tested			29,589	
Total moving stipend expense during period			34,249	
Percent tested			86%	

TAMALPAIS UNION HIGH SCHOOL

SUPPLEMENTAL INFORMATION
FOCUS AREAS
JUNE 30, 2005

Time and Materials Contract Expenditures Exceeding $100,000

Consultants	Location	Description	Amount	Approved by Board
David Lussier	Tamalpais	Inspection services	$ 547,820	2/8/2005
David Lussier	Redwood	Inspection services	433,944	2/8/2005
Quattrocchi Kwok	Redwood	Architect	146,240	1/11/2005
Quattrocchi Kwok	Tamalpais	Architect	1,155,848	4/5/2005
Gary Proctor	Drake	Inspection services	462,000	2/8/2005
VBN Architects	Tamalpais	Architect	225,000	6/14/2005
Mobile Modular	San Andreas	Modulars	736,585	5/24/2005
Nate Cutler	Tamalpais	Inspection services	266,256	2/8/2005
Total tested			$ 3,973,693	

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
FINANCIAL REPORT
JUNE 30, 2005

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
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JUNE 30, 2005

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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 six months ended June 30, 2005, 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, 2005, 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 22, 2005

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS		
Cash and investments	$	44,260,114
Accounts receivable		264,401
Due from other funds		370,086
Total Assets	$	44,894,601
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	$	2,655,249
Due to general fund		79,725
Total Liabilities		2,734,974
FUND EQUITY		
Fund balances		
Undesignated		42,159,627
Total Fund Equity		42,159,627
Total Liabilities and Fund Equity	$	44,894,601

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, 2005

REVENUES	
Interest income	$ 506,367
EXPENDITURES	
Current Expenditures	
Classified salaries	210,333
Employee benefits	66,772
Supplies	32,126
Services and operating expenditures	973,670
Capital outlay	
Architectural services	955,662
Permanent construction	12,274,662
Construction management	1,043,764
Other capital outlay	222,548
Total Expenditures	15,779,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,273,170)
OTHER FINANCING SOURCES/(USES)	
Transfer in - State funds	281,990
Transfer in - local funds	143,588
Total Other Financing Sources/(Uses)	425,578
FUND BALANCE, JANUARY 1, 2005	57,007,219
FUND BALANCE, JUNE 30, 2005	$ 42,159,627

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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 fund 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 June 30, 2005.

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 $976,174 for June and prior invoices for construction services in which invoices had not yet been received from the contractors.

NOTE #2 – INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Investments at June 30, 2005, 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	$44,260,111	$44,144,813

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2005, consist of the following:

Interest	$ 264,401

NOTE #4 – INTERFUND TRANSACTIONS

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

Interfund receivables and payables at June 30, 2005 are as follows:

Due from county school facilities fund for state grant funds.	$ 281,990
Due from general fund for local donations to be used for modernization projects	88,096
	$ 370,086
Due to general fund for expense reimbursements for items paid by general fund.	$ 79,725

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2005, consists of the following:

Permanent construction	$ 1,793,612
Construction management	361,007
Others	500,630
Total	$ 2,655,249

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	$42,159,627

NOTE #7 –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 01/01/05	Issued	Payments	Bonds 06/30/05
2001	2026	3.375-5.50	$20,820,000	$ 19,090,000	$ -	$ -	$ 19,090,000
2002	2027	3.0-6.0	49,580,000	47,145,000	-	-	47,145,000
2004	2029	4.5-5.5	50,600,000	50,600,000	-	-	50,600,000
				$ 116,835,000	$ -	$ -	$ 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 June 30, 2005, there was $5,256,886 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, 2005

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2005, the Building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Tamalpais High School modernization projects	$ 16,953,892	through 3/31/06
Sir Francis Drake High School modernization projects	2,505,011	through 11/30/05
San Andreas High School modernization projects	1,547,962	through 1/31/06
Redwood High School modernization projects	1,489,217	through 11/30/05
Total	$ 22,496,082	

As of June 30, 2005, the Building fund has the following commitments with respect to portable building leases:

2006	$ 206,059
2007	10,780
	$ 216,839

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	$ 554,644
Payments to suppliers	(16,553,369)
Payments to employees	(277,105)
Net Cash Used by Operating Activities	(16,275,830)
NET DECREASE IN CASH	(16,275,830)
CASH AND CASH EQUIVALENTS, JANUARY 1, 2005	60,535,944
CASH AND CASH EQUIVALENTS, JUNE 30, 2005	$ 44,260,114

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$(15,273,170)
Adjustments to reconcile operating income/(loss) to net cash flows from operating activities	
Changes in assets and liabilities	
(Increase)/decrease in:	
Interest receivable	48,277
Due from other funds	(368,302)
Increase/(decrease) in:	
Accounts payable	(734,440)
Due to other funds	51,805
Net Cash Flows Used by Operating Activities	$(16,275,830)

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
AS OF JUNE 30, 2005

	Budget	Actual Expenditures			Variances
		Prior Period	1/05 to 6/05	Total	Postive (Negative)
REVENUES					
Interest income	$ 2,670,000	$ 2,814,134	$ 506,367	$ 3,320,501	$ 650,501
EXPENDITURES					
Current Expenditures					
Classified salaries	1,444,733	953,434	210,333	1,163,767	280,966
Employee benefits	332,604	243,335	66,772	310,107	22,497
Supplies	173,776	101,576	32,126	133,702	40,074
Services and operating expenditures	16,176,093	5,556,048	973,670	6,529,718	9,646,375
Capital outlay					
Architectural services	12,432,988	10,796,245	955,662	11,751,907	681,081
Permanent construction	99,864,971	56,417,907	12,274,662	68,692,569	31,172,402
Construction management	8,329,960	5,222,804	1,043,764	6,266,568	2,063,392
Other capital outlay	61,906	1,593,111	222,548	1,815,659	(1,753,753)
Total Expenditures	138,817,031	80,884,460	15,779,537	96,663,997	42,153,034
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(136,147,031)	(78,070,326)	(15,273,170)	(93,343,496)	42,803,535
OTHER FINANCING SOURCES/(USES)					
Bond proceeds	121,000,000	121,000,000	-	121,000,000	-
Transfer in - State funds	14,835,895	13,928,505	281,990	14,210,495	(625,400)
Transfer in - Federal repair and renovation grant	149,584	149,040	-	149,040	(544)
Transfer in - local funds	161,552	-	143,588	143,588	(17,964)
Total Other Financing Sources/(Uses)	136,147,031	135,077,545	425,578	135,503,123	(643,908)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	$ -	$57,007,219	$ (14,847,592)	$42,159,627	$ 42,159,627

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES
REPORT
DECEMBER 31, 2005

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, 2005 to December 31, 2005 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.

2. Total expenditures and commitments through December 31, 2005 were $125,158,891.

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3. An analysis of expenditures is as follows:

Expenditures	Prior Periods	7/1/05 to 12/31/05	Total
Salaries and benefits	$ 1,473,874	$ 248,281	$ 1,722,155
Supplies	133,702	10,418	144,120
Services	6,529,718	807,367	7,337,085
Capital outlay			
Architectural services	11,751,907	756,771	12,508,678
Permanent construction	68,692,569	15,001,918	83,694,487
Construction management	6,266,568	947,837	7,214,405
Other capital outlay	1,815,659	190,098	2,005,757
Total expenditures	$96,663,997	$ 17,962,690	114,626,687
Contract commitments, December 31, 2005			10,532,204
Total expenditures and commitments			$ 125,158,891

Available unspent funds from the bond as of December 31, 2005 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	3,952,834
Bond project expenditures funded by state grants	14,210,495
Bond project expenditures funded by federal repair and renovation grant	149,040
Bond project expenditures funded by local grants	143,588
Total expenditures and commitments	(125,158,891)
Amount available	$ 14,297,066

Agreed Upon Procedures Performed

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

2. Test expenditures with the focus as follows:

   a. Select 25% of all expenditures using the probability to proportional size random selection method, and including at least two items from each site, i.e., a true random sample. 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.
   b. Select change orders which include a potential change order (PCO) of $10,000 or more; and the potential change order on Tamalpais Increment 3 Arntz Construction if negotiations are finalized during the period.
   c. Select time and materials contracts exceeding $100,000; and those modified during the period for which the modified contract price now exceeds $100,000.

See supplemental information for list of expenditures reviewed.

3. Verify that District's internal control procedures for invoices are operating according to District policies. 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. Our review of the expenditures for the period July 1, 2005 through December 31, 2005, 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, 2005 to December 31, 2005.

   Approved change orders which include a potential change order (PCO) during the period were $2,771,238, of which all change orders of $10,000 or more, 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.

   Time and materials contracts exceeding $100,000 during the period totaled $16,523,906 and were reviewed for description of services and board approval, and which did not reveal any items that did not comply with the bond purpose.

3. 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 one of ten invoices selected for review was not processed for payment within 30 days of receipt, however all invoice cover forms contained explanations on delays. The delay of the invoice was due to the need for a modification to the purchase order.

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
March 1, 2006

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES
JULY 1, 2005 TO DECEMBER 31, 2005

Date	Object Code	Vendor	Description from invoice or estimated payable form	Amount	District - wide 001	District Office 051	Tamalpais 052	Drake 053	Redwood 054	San Andreas 055
08/31/05	5849	Davillier-Sloan Inc	LCP Services for Aug 2005	4,349	4,349	-	-			-
11/07/05	5849	Davillier-Sloan Inc	LCP Services for Sept 2005	4,428	4,428	-		-		-
10/05/05	6210	Kwock Architects	For professional services rendered July 05	136,452	-	-	136,452		-	-
11/07/05	6210	Carducci and Associates	Irrigation/landscape projects for 7/05-9/05	32,000	32,000	-	-	-		-
08/10/05	6240	Arntz Builders	Construction services for 7/05	629,367		-	629,367		-	-
08/19/05	6240	Arntz Builders	Construction services for 7/05	970,507	-	-	970,507	-	-	-
09/09/05	6240	Vila Construction	Construction for July 2005	109,196	-			109,196	-	-
09/09/05	6240	Vila Construction	Construction for July 2005	905,351		-		905,351	-	-
09/09/05	6240	Arntz Builders	Construction for July 2005	499,767			499,767	-	-	-
10/05/05	6240	Arntz Builders	Construction for Aug 2005	109,196	-		-		109,196	-
09/23/05	6240	KCK Builders	Modernization to Redwood HS for Aug/Sept 05	158,654		-		-	158,654	-
09/23/05	6240	KCK Builders	Modernization to San Andreas HS for Aug/Sept 05	130,275	-	-	-		-	130,275
09/26/05	6240	Arntz Builders	Construction for July 2005	93,648	-	-		-	93,648	-
12/14/05	6240	Downing Heating and AC	Modernization to THS for Nov 05	11,102	-	11,102		-	-	-
09/16/05	4303	Vanir Construction	San Andreas HS construction for June 05	12,408						12,408
09/16/05	6281	Vanir Construction	Program services for June 05	36,812	36,812					
09/16/05	4303	Vanir Construction	San Andreas HS construction for July 05	9,905						9,905
12/14/05	6240	Downing Heating and AC	THS Modernization for Nov 05	1,953		1,953				
11/30/05	5625	City of Sausalito	MLK Tennis Courts. Aug-Oct 05	5,440			5,440			
08/26/05	5840	Double Day Offices	Move portables-Aug 05	5,235				5,235		
09/30/05	5840	Nor-Cal Moving Service	Move out of Keyser Hall-Sept 05	4,648			4,648			
07/29/05	6240	Chaix Company	Furnishing/Installations-June 05	244					244	
09/09/05	6240	Villa Construction Co	Sir Francis Drake Project	45,025				45,025		
09/09/05	6240	The Mechanics Bank	Retention Payment	32,410				32,410		

TAMALPAIS UNION HIGH SCHOOL
BUILDING FUND EXPENDITURES (CONTINUED)
JULY 1, 2005 TO DECEMBER 31, 2005

Date	Object Code	Vendor	Description from invoice or estimated payable form	Amount	District - wide 001	District Office 051	Tamalpais 052	Drake 053	Redwood 054	San Andreas 055
09/26/05	6240	Arntz Builders	RHS Modernization	426,901			426,901			
09/26/05	6240	Villa Construction Co	Drake Increment #4-Aug 05	20,156				20,156		
10/05/05	6240	Arntz Builders	RHS Modernization-Aug 05	59,828					59,828	
10/05/05	6240	Villa Construction Co	Sir Francis Drake Project-Aug 05	173,146				173,146		
10/05/05	6240	Villa Construction Co	Sir Francis Drake Project-Aug 05	139,792			139,792			
10/25/05	6240	Reimbursement -THS and RHS	Reimbursement for network equip purchases-10/05	2,510			2,510			
11/07/05	6240	Arntz Builders	Tam 3 project-Sept 05	38,522			38,522			
11/07/05	6240	Arntz Builders	Tam 3 project-Sept 05	248,190			248,190			
11/07/05	6240	Arntz Builders	Tam 3 project-Sept 05	796,695			796,695			
11/07/05	6240	Villa Construction Co	Athletic Field Dugouts-Sept 05	47,898			47,898			
11/07/05	6240	Villa Construction Co	Gym floor replacement-Sept 05	365,830			365,830			
11/23/05	6240	Arntz Builders	RHS-Sept 05	89,725					89,725	
11/30/05	6240	Arntz Builders	Tam 3 project-Oct 05	646,191			646,191			
11/30/05	6240	KCK Builders	San Andreas HS modernization for Nov 05	201,150						201,150
11/30/05	6240	Bayview Environmental Services	Lead and Asbestos cleanup-Aug 05	98,720			98,720			
12/14/05	6240	Arntz Builders	Tam 4 project-Oct 05	504,787			504,787			
12/14/05	6240	Villa Construction Co	Athletic Field Dugouts-Oct 05	34,414			34,414			
12/14/05	6240	Villa Construction Co	Gym floor replacement-Oct 05	187,816			187,816			
09/16/05	6240	Vanir Construction	Construction mgmt-July 05	42,349			42,349			
			Total Invoices Tested	8,072,991	77,589	13,055	5,826,796	1,290,519	511,295	353,738
			Total Expenditures	17,962,690	605,117	49,603	11,589,141	2,595,984	1,218,727	1,904,118
			Percent Tested	44.9%	12.8%	26.3%	50.3%	49.7%	42.0%	18.6%

TAMALPAIS UNION HIGH SCHOOL

SUPPLEMENTAL INFORMATION
FOCUS AREAS
DECEMBER 31, 2005

Change Orders Contractor	Location	Increment/project	Change Order #	Amount	Approved by Board
Arntz Builders	Redwood	Increment 2	30	$ 22,324	7/12/2005
Arntz Builders	Redwood	Increment 2	31	89,725	8/9/2005
Arntz Builders	Redwood	Increment 2	32	74,233	10/11/2005
Arntz Builders	Redwood	Increment 2	33	30,969	10/11/2005
Arntz Builders	Redwood	Increment 2	34	32,158	10/25/2005
Arntz Builders	Redwood	Increment 2	35	74,792	11/8/2005
Arntz Builders	Tamalpais	Increment 3	10	108,888	8/9/2005
Arntz Builders	Tamalpais	Increment 3	11	146,565	8/9/2005
Arntz Builders	Tamalpais	Increment 3	12	55,661	8/9/2005
Arntz Builders	Tamalpais	Increment 3	13	301,766	8/9/2005
Arntz Builders	Tamalpais	Increment 3	14	81,697	9/13/2005
Arntz Builders	Tamalpais	Increment 3	15	267,288	9/13/2005
Arntz Builders	Tamalpais	Increment 3	16	272,618	10/11/2005
Arntz Builders	Tamalpais	Increment 3	17	176,835	11/8/2005
Arntz Builders	Tamalpais	Increment 3	18	159,454	12/6/2005
Arntz Builders	Tamalpais	Increment 4	2	47,077	10/25/2005
Arntz Builders	Tamalpais	Increment 4	3	215,434	12/6/2005
KCK Builders	San Andreas	Increment 1	1	176,262	9/13/2005
Villa Construction	Drake	Increment 3	17	44,226	8/23/2005
Villa Construction	Drake	Increment 4	8	55,594	8/23/2005
Villa Construction	Drake	Increment 4	9	47,013	10/25/2005
Villa Construction	Drake	Increment 4	10	10,908	12/6/2005
Villa Construction	Tamalpais	Increment 6	1	119,459	12/6/2005
Villa Construction	Tamalpais	Increment 6	3	12,932	12/6/2005
Bayview Environmental Services	Tamalpais	Emergency Abatement	1	98,720	10/25/2005
Villa Construction	Drake	Dugouts	1	17,175	10/25/2005
Villa Construction	Tamalpais	Dugouts	2	17,804	12/6/2005
Total tested				2,757,577	
Total approved during period				2,771,238	
Percent tested				99.51%	

TAMALPAIS UNION HIGH SCHOOL DISTRICT

GENERAL OBLIGATION BONDS
FINANCIAL REPORT
DECEMBER 31, 2005

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
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DECEMBER 31, 2005

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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, 2005, 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, 2005, 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
March 1, 2006

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TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS		
Cash and investments	$	30,560,367
Accounts receivable		275,714
Total Assets	$	30,836,081
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	$	5,967,184
Due to general fund		39,627
Total Liabilities		6,006,811
FUND EQUITY		
Fund balances		
Undesignated		24,829,270
Total Fund Equity		24,829,270
Total Liabilities and Fund Equity	$	30,836,081

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, 2005

REVENUES	
Interest income	$ 632,333
Total Revenues	632,333
EXPENDITURES	
Current Expenditures	
Classified salaries	193,703
Employee benefits	54,578
Supplies	10,418
Services and operating expenditures	807,367
Capital outlay	
Architectural services	756,771
Permanent construction	15,001,918
Construction management	947,837
Other capital outlay	190,098
Total Expenditures	17,962,690
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,330,357)
FUND BALANCE, JULY 1, 2005	42,159,627
FUND BALANCE, DECEMEBER 31, 2005	$ 24,829,270

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

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Tamalpais Union High School District Bond Fund conforms 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.

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 was $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.

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, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

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

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

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period. No amounts were reserved or designated at December 31, 2005.

Property Tax

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

Use of Estimates

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

NOTE #2 – INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

Investments at December 31, 2005, 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	$30,560,317	$30,480,707

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at December 31, 2005, consist of the following:

Interest	$ 275,714

NOTE #4 – INTERFUND TRANSACTIONS

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

Interfund receivables and payables at December 31, 2005 are as follows:

Due to general fund for expense reimbursements for items paid by general fund.	$ 39,627

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at December 31, 2005, consists of the following:

Permanent construction	$ 3,520,782
Construction management	766,489
Others	1,679,913
Total	$ 5,967,184

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Undesignated	$24,829,270

NOTE #7 –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 07/01/05	Issued	Payments	Bonds 12/31/05
2001	2026	3.375-5.50	$20,820,000	$ 19,090,000	$ -	$ 625,000	$ 18,465,000
2002	2027	3.0-6.0	49,580,000	47,145,000	-	1,240,000	45,905,000
2004	2029	4.5-5.5	50,600,000	50,600,000	-	350,000	50,250,000
				$ 116,835,000	$ -	$2,215,000	$ 114,620,000

Debt Service Requirements

The general obligation bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2006	$ -	$ 2,789,470	$ 2,789,470
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	$ 114,620,000	$ 75,826,387	$ 190,446,387

As of December 31, 2005, there was $2,460,551 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.

NOTE #8 – COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Building Fund of the District at December 31, 2005.

Construction Commitments

As of December 31, 2005, the Building Fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Tamalpais High School modernization projects	$ 7,307,982	through 4/30/06
Sir Francis Drake High School modernization projects	134,357	through 3/31/06
San Andreas High School modernization projects	530,885	through 3/31/06
Redwood High School modernization projects	2,558,980	through 6/30/06
Total	$ 10,532,204	

As of December 31, 2005, the Building Fund has the following commitments with respect to portable building leases:

2006	$ 70,340

SUPPLEMENTAL INFORMATION

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	$ 621,020
Payments to suppliers	(14,072,486)
Payments to employees	(248,281)
Net Cash Used by Operating Activities	(13,699,747)
NET DECREASE IN CASH	(13,699,747)
CASH AND CASH EQUIVALENTS, JULY 1, 2005	44,260,114
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2005	$ 30,560,367

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (17,330,357)
Adjustments to reconcile operating income/(loss) to net cash flows from operating activities	
Changes in assets and liabilities	
(Increase)/decrease in:	
Interest receivable	(11,313)
Due from other funds	370,086
Increase/(decrease) in:	
Accounts payable	3,311,935
Due to other funds	(40,098)
Net Cash Flows Used by Operating Activities	$ (13,699,747)

TAMALPAIS UNION HIGH SCHOOL DISTRICT

BUILDING FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
AS OF DECEMBER 31, 2005

	Budget	Actual Expenditures			Variances
		Prior Periods	7/1/05-12/31/05	Total	Postive (Negative)
REVENUES					
Interest income	$ 2,670,000	$ 3,320,501	$ 632,333	$ 3,952,834	$ 1,282,834
EXPENDITURES					
Current Expenditures					
Classified salaries	1,444,733	1,163,767	193,703	1,357,470	87,263
Employee benefits	332,604	310,107	54,578	364,685	(32,081)
Supplies	173,776	133,702	10,418	144,120	29,656
Services and operating expenditures	16,176,093	6,529,718	807,367	7,337,085	8,839,008
Capital outlay					
Architectural services	12,432,988	11,751,907	756,771	12,508,678	(75,690)
Permanent construction	99,864,971	68,692,569	15,001,918	83,694,487	16,170,484
Construction management	8,329,960	6,266,568	947,837	7,214,405	1,115,555
Other capital outlay	61,906	1,815,659	190,098	2,005,757	(1,943,851)
Total Expenditures	138,817,031	96,663,997	17,962,690	114,626,687	24,190,344
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(136,147,031)	(93,343,496)	(17,330,357)	(110,673,853)	25,473,178
OTHER FINANCING SOURCES/(USES)					
Bond proceeds	121,000,000	121,000,000	-	121,000,000	-
Transfer in - State funds	14,835,895	14,210,495	-	14,210,495	(625,400)
Transfer in - Federal repair and renovation grant	149,584	149,040	-	149,040	(544)
Transfer in - local funds	161,552	143,588	-	143,588	(17,964)
Total Other Financing Sources/(Uses)	136,147,031	135,503,123	-	135,503,123	(643,908)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	$ -	$ 42,159,627	$ (17,330,357)	$ 24,829,270	$ 24,829,270