

Scope and Methodology

Our procedures for the performance audit will be as follows:

- Procure a detail of the accounting for the expenditures of the Measure M - Building Fund bond proceeds.
- Review the detailed accounting of expenditures to determine if bond proceeds are being spent on administrative salaries or any other school operating expenses.
- Review expenditures charged against the bond proceeds and determine if they were spent only on projects identified in the ballot measure.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the Measure M - Building Fund financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management Responsibilities (Concluded)

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the Measure M - Building Fund financial statements and related notes (nonaudit services). You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

Whenever possible, we will attempt to use the District's personnel to assist in the preparation of schedules, analyses of accounts, and locating any documents selected by us for testing. This effort could substantially reduce our time requirements, facilitate the timely conclusion of the audit, and help you hold down audit fees.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

The audit documentation for this engagement is the property of Stephen Roatch Accountancy Corporation and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to third parties for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Stephen Roatch Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California Department of Education, the California State Controller, or during any pending board investigation, disciplinary action, or legal action involving the licensee or the licensee's firm.

Engagement Administration, Fees, and Other (Concluded)

Stephen Roatch, Certified Public Accountant (CPA) is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We agree that our all-inclusive fee will be **\$2,750** for the financial and performance audits of Gravenstein Union School District's Measure M - Building Fund for the fiscal year ending June 30, 2018. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. An additional fee will be charged for attending meetings with the District's Board, if deemed appropriate.

Either party may terminate this agreement at any time for any reason, providing 30 days written notice is given to the other party. It is understood that payment shall be made for services rendered to the point of termination.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our applicable hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of your intentional or knowing misrepresentation or provision to us of inaccurate or incomplete information in connection with this engagement, and not any failure on our part to comply with professional standards, you agree to indemnify us, defend us, and hold us harmless as against such obligations.

Management and Governing Board of
Gravenstein Union School District
January 4, 2018
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Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. We have attached a copy of our latest external peer review report of our firm for your consideration and files. We are very pleased to participate in this review program as continued evidence of our emphasis on providing Gravenstein Union School District, the highest quality audit.

This engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to Gravenstein Union School District and believe this letter accurately summarizes the significant terms of our engagement. If, after full consideration, you agree that the foregoing terms shall govern this engagement, please sign this letter in the spaces provided and return the original signed letter to our office, keeping a fully-executed copy for your records.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION



Stephen Roatch, Certified Public Accountant
President

RESPONSE:

This letter correctly sets forth the understanding of Gravenstein Union School District.

Approved by: _____

Title: _____

Date: _____

Sonoma County Office of Education

VIII J

PUBLIC DISCLOSURE OF COLLECTIVE BARGAINING AGREEMENT
in accordance with AB 1200 (Chapter 1213/1991), GC 3547.5, and CCR, Title V, Section 15449

Name of School District: Gravenstein Union School District
Name of Bargaining Unit: Gravenstein Union Teachers Association
Certificated, Classified, Other: Certificated

The proposed agreement covers the period beginning: July 1, 2017 and ending: June 30, 2020
(date) (date)

The Governing Board will act upon this agreement on: January 17, 2018
(date)

Note: This form, along with a copy of the proposed agreement, must be submitted to the County Office at least ten (10) working days prior to the date the Governing Board will take action.

A. Proposed Change in Compensation

| Compensation | Annual Cost Prior to Proposed Agreement FY 2017 - 2018 | Fiscal Impact of Proposed Agreement | | |
|--|---|---|---|---|
| | | Year 1 Increase/(Decrease) FY 2017 - 2018 | Year 2 Increase/(Decrease) FY 2018 - 2019 | Year 3 Increase/(Decrease) FY 2019 - 2020 |
| 1 Salary Schedule (This is to include Step and Column, which is also reported separately in Item 6.) | \$ 3,260,985 | \$ 130,439 4.00% | \$ - 0.00% | \$ - 0.00% |
| 2 Other Compensation - Stipends, Bonuses, Longevity, Overtime, Differential, Callback or Standby Pay, etc. | \$ 94,593 | \$ - 0.00% | \$ - 0.00% | \$ - 0.00% |
| Description of other compensation | | | | |
| 3 Statutory Benefits - STRS, PERS, FICA, WC, UI, Medicare, etc. | \$ 564,476.44 | \$ 22,579.06 4.000% | \$ - 0.00% | \$ - 0.00% |
| 4 Health/Welfare Plans | \$ 369,495 | \$ - 0.00% | \$ - 0.00% | \$ - 0.00% |
| 5 Total Compensation - Add Items 1 through 4 to equal 5 | \$ 4,289,550 | \$ 153,018 3.567% | \$ - 0.00% | \$ - 0.00% |
| 6 Step and Column - Due to movement plus any changes due to settlement. This is a subset of Item No. 1. | \$ 50,240 | \$ - | \$ - | \$ - |
| 7 Total Number of Represented Employees (Use FTEs if appropriate) | 47.01 | | | |
| 8 Total Compensation Average Cost per Employee | \$ 91,247.60 | \$ 3,255 3.567% | \$ - 0.00% | \$ - 0.00% |

9. What was the negotiated percentage increase approved? For example, if the increase in "Year 1" was for less than a full year, what is the annualized percentage of that increase for "Year 1"?

For the 2017-18 school year, the District will provide a one time/off schedule payment of 4.0% of each unit member's base salary without stipends.

10. Were any additional steps, columns, or ranges added to the schedules? (If yes, please explain.)

No

11. Please include comments and explanations as necessary. (If more room is necessary, please attach an additional sheet.)

N/A

12. Does this bargaining unit have a negotiated cap for Health and Welfare benefits? Yes No

If yes, please describe the cap amount.

There is not change to the current cap. The cap for health benefits is \$600 for single coverage \$650 for dual coverage and \$700 for family coverage effective for the 2017-2018 school year.

- B. Proposed negotiated changes in noncompensation items (i.e., class size adjustments, staff development days, teacher prep time, classified staffing ratios, etc.)

N/A

- C. What are the specific impacts (positive or negative) on instructional and support programs to accommodate the settlement? Include the impact of changes such as staff reductions or increases, program reductions or increases, elimination or expansion of other services or programs (i.e., counselors, librarians, custodial staff, etc.)

N/A

D. What contingency language is included in the proposed agreement (e.g., reopeners, etc.)?

None

E. Will this agreement create or increase deficit financing in the current or subsequent year(s)?

"Deficit Financing" is defined to exist when a fund's expenditures and other financing uses exceed its revenue and other financing sources in a given year. If yes, explain the amounts and justification for doing so.

District will increase the deficit spending in the current year. This is a one time increase using one time money.

F. Identify other major provisions that do not directly affect the district's costs, such as binding arbitrations, grievance procedures, etc.

N/A

G. Source of Funding for Proposed Agreement:

1. Current Year

General Fund -- LCFF

2. If this is a single year agreement, how will the ongoing cost of the proposed agreement be funded in subsequent years (i.e., what will allow the district to afford this contract)?

There are no ongoing costs which will impact subsequent years.

3. If this is a multiyear agreement, what is the source of funding, including assumptions used, to fund these obligations in subsequent years? (Remember to include compounding effects in meeting obligations.)

There are no ongoing costs which will impact subsequent years.

H. IMPACT OF PROPOSED AGREEMENT ON CURRENT YEAR OPERATING BUDGET

Unrestricted General Fund

Bargaining Unit:

Gravenatein Union Teachers Association

| | Column 1 | Column 2 | Column 3 | Column 4 |
|---|---|--|-----------------|---|
| | Latest Board- Approved Budget Before Settlement (As of 1st Interim) | Adjustments as a Result of Settlement | Other Revisions | Total Current Budget (Columns 1+2+3) |
| REVENUES | | | | |
| Revenue Limit Sources (8010-8099) | \$ 5,873,474 | \$ - | \$ - | \$ 5,873,474 |
| Remaining Revenues (8100-8799) | \$ 285,113 | \$ - | \$ - | \$ 285,113 |
| TOTAL REVENUES | \$ 6,158,587 | \$ - | \$ - | \$ 6,158,587 |
| EXPENDITURES | | | | |
| Certificated Salaries (1000-1999) | \$ 3,470,513 | \$ 116,910 | \$ - | \$ 3,587,423 |
| Classified Salaries (2000-2999) | \$ 548,008 | \$ - | \$ - | \$ 548,008 |
| Employee Benefits (3000-3999) | \$ 1,194,109 | \$ 20,237 | \$ - | \$ 1,214,346 |
| Books and Supplies (4000-4999) | \$ 240,399 | \$ - | \$ - | \$ 240,399 |
| Services, Other Operating Expenses (5000-5999) | \$ 471,154 | \$ - | \$ - | \$ 471,154 |
| Capital Outlay (6000-6599) | \$ 25,000 | \$ - | \$ - | \$ 25,000 |
| Other Outgo (7100-7299) (7400-7499) | \$ 16,500 | \$ - | \$ - | \$ 16,500 |
| Direct Support/Indirect Cost (7300-7399) | \$ (771) | \$ - | \$ - | \$ (771) |
| Other Adjustments | | | | |
| TOTAL EXPENDITURES | \$ 5,964,911 | \$ 137,147 | \$ - | \$ 6,102,058 |
| OPERATING SURPLUS/(DEFICIT) | \$ 193,676 | \$ (137,147) | \$ - | \$ 56,529 |
| Transfers In and Other Sources (8910-8979) | | \$ - | \$ - | \$ - |
| Transfers Out and Other Uses (7610-7699) | \$ 74,937 | \$ - | \$ - | \$ 74,937 |
| Contributions (8980-8999) | \$ (315,308) | \$ - | \$ - | \$ (315,308) |
| CURRENT YEAR INCREASE (DECREASE) IN FUND BALANCE | \$ (196,569) | \$ (137,147) | \$ - | \$ (333,716) |
| BEGINNING BALANCE | \$ 7,654,826 | | | \$ 7,654,826 |
| Prior-Year Adjustments/Restatements (9793/9795) | \$ - | | | \$ - |
| CURRENT-YEAR ENDING BALANCE | \$ 7,458,257 | \$ (137,147) | \$ - | \$ 7,321,110 |
| COMPONENTS OF ENDING BALANCE: | | | | |
| Reserved Amounts (9711-9740) | \$ 1,000 | \$ - | \$ - | \$ 1,000 |
| Reserved for Economic Uncertainties (9770) | \$ 292,427 | \$ - | \$ - | \$ 292,427 |
| Designated Amounts (9775-9780) | \$ 3,383,630 | \$ - | \$ - | \$ 3,383,630 |
| Unappropriated Amount (9790) | \$ 3,781,200 | \$ (137,147) | \$ - | \$ 3,644,053 |

* Please see question on page 7.

H. IMPACT OF PROPOSED AGREEMENT ON CURRENT YEAR OPERATING BUDGET

Restricted General Fund
Bargaining Unit: Gravenstein Union Teachers Association

| | Column 1 | Column 2 | Column 3 | Column 4 |
|---|---|--|-----------------|---|
| | Latest Board- Approved Budget Before Settlement (As of 1st Interim) | Adjustments as a Result of Settlement | Other Revisions | Total Current Budget (Columns 1+2+3) |
| REVENUES | | | | |
| Revenue Limit Sources (8010-8099) | \$ 56,482 | \$ - | \$ - | \$ 56,482 |
| Remaining Revenues (8100-8799) | \$ 902,031 | \$ - | \$ - | \$ 902,031 |
| TOTAL REVENUES | \$ 958,513 | \$ - | \$ - | \$ 958,513 |
| EXPENDITURES | | | | |
| Certificated Salaries (1000-1999) | \$ 256,602 | \$ 13,529 | \$ - | \$ 270,131 |
| Classified Salaries (2000-2999) | \$ 57,056 | \$ - | \$ - | \$ 57,056 |
| Employee Benefits (3000-3999) | \$ 339,155 | \$ 2,342 | \$ - | \$ 341,497 |
| Books and Supplies (4000-4999) | \$ 57,390 | \$ - | \$ - | \$ 57,390 |
| Services, Other Operating Expenses (5000-5999) | \$ 559,846 | \$ - | \$ - | \$ 559,846 |
| Capital Outlay (6000-6599) | \$ - | \$ - | \$ - | \$ - |
| Other Outgo (7100-7299) (7400-7499) | \$ - | \$ - | \$ - | \$ - |
| Direct Support/Indirect Cost (7300-7399) | \$ 771 | \$ - | \$ - | \$ 771 |
| Other Adjustments | | | | |
| TOTAL EXPENDITURES | \$ 1,270,820 | \$ 15,871 | \$ - | \$ 1,286,691 |
| OPERATING SURPLUS (DEFICIT) | \$ (312,307) | \$ (15,871) | \$ - | \$ (328,178) |
| Transfers In and Other Sources (8910-8979) | \$ - | \$ - | \$ - | \$ - |
| Transfers Out and Other Uses (7610-7699) | \$ - | \$ - | \$ - | \$ - |
| Contributions (8980-8999) | \$ 315,308 | \$ - | \$ - | \$ 315,308 |
| CURRENT YEAR INCREASE (DECREASE) IN FUND BALANCE | \$ 3,001 | \$ (15,871) | \$ - | \$ (12,870) |
| BEGINNING BALANCE | \$ 375,358 | | | \$ 375,358 |
| Prior-Year Adjustments/Restatements (9793/9795) | \$ - | | | \$ - |
| CURRENT-YEAR ENDING BALANCE | \$ 378,359 | \$ (15,871) | \$ - | \$ 362,488 |
| COMPONENTS OF ENDING BALANCE: | | | | |
| Reserved Amounts (9711-9740) | \$ 378,359 | \$ (15,871) | \$ - | \$ 362,488 |
| Reserved for Economic Uncertainties (9770) | \$ - | \$ - | \$ - | \$ - |
| Designated Amounts (9775-9780) | \$ - | \$ - | \$ - | \$ - |
| Unappropriated Amount (9790) | \$ - | \$ 0 | \$ - | \$ 0 |

* Please see question on page 7.

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H. IMPACT OF PROPOSED AGREEMENT ON CURRENT YEAR OPERATING BUDGET

Combined General Fund

Bargaining Unit: Gravenstein Union Teachers Association

| | Column 1 | Column 2 | Column 3 | Column 4 |
|---|---|--|-----------------|---|
| | Latest Board- Approved Budget Before Settlement (As of 1st Interim) | Adjustments as a Result of Settlement | Other Revisions | Total Current Budget (Columns 1+2+3) |
| REVENUES | | | | |
| Revenue Limit Sources (8010-8099) | \$ 5,929,956 | \$ - | \$ - | \$ 5,929,956 |
| Remaining Revenues (8100-8799) | \$ 1,187,144 | \$ - | \$ - | \$ 1,187,144 |
| TOTAL REVENUES | \$ 7,117,100 | \$ - | \$ - | \$ 7,117,100 |
| EXPENDITURES | | | | |
| Certificated Salaries (1000-1999) | \$ 3,727,115 | \$ 130,439 | \$ - | \$ 3,857,554 |
| Classified Salaries (2000-2999) | \$ 605,064 | \$ - | \$ - | \$ 605,064 |
| Employee Benefits (3000-3999) | \$ 1,533,264 | \$ 22,579 | \$ - | \$ 1,555,843 |
| Books and Supplies (4000-4999) | \$ 297,789 | \$ - | \$ - | \$ 297,789 |
| Services, Other Operating Expenses (5000-5999) | \$ 1,031,000 | \$ - | \$ - | \$ 1,031,000 |
| Capital Outlay (6000-6599) | \$ 25,000 | \$ - | \$ - | \$ 25,000 |
| Other Outgo (7100-7299) (7400-7499) | \$ 16,500 | \$ - | \$ - | \$ 16,500 |
| Direct Support/Indirect Cost (7300-7399) | | \$ - | \$ - | \$ - |
| Other Adjustments | | | | |
| TOTAL EXPENDITURES | \$ 7,235,732 | \$ 153,018 | \$ - | \$ 7,388,750 |
| OPERATING SURPLUS (DEFICIT) | \$ (118,632) | \$ (153,018) | \$ - | \$ (271,650) |
| Transfer In and Other Sources (8910-8979) | | \$ - | \$ - | \$ - |
| Transfers Out and Other Uses (7610-7699) | \$ 74,937 | \$ - | \$ - | \$ 74,937 |
| Contributions (8980-8999) | | \$ - | \$ - | \$ - |
| CURRENT YEAR INCREASE (DECREASE) IN FUND BALANCE | \$ (193,569) | \$ (153,018) | \$ - | \$ (346,587) |
| BEGINNING BALANCE | \$ 8,030,184 | | | \$ 8,030,184 |
| Prior-Year Adjustments/Restatements (9793/9795) | \$ - | | | \$ - |
| CURRENT-YEAR ENDING BALANCE | \$ 7,836,615 | \$ (153,018) | \$ - | \$ 7,683,597 |
| COMPONENTS OF ENDING BALANCE: | | | | |
| Reserved Amounts (9711-9740) | \$ 379,359 | \$ - | \$ - | \$ 379,359 |
| Reserved for Economic Uncertainties (9770) | \$ 292,427 | \$ 6,120 | \$ - | \$ 298,547 |
| Designated Amounts (9775-9780) | \$ 3,383,630 | \$ - | \$ - | \$ 3,383,630 |
| Unappropriated Amount - Unrestricted (9790) | \$ 3,781,200 | \$ - | \$ - | \$ 3,622,062 |
| Unappropriated Amount - Restricted (9790) | \$ - | \$ 0 | \$ - | \$ 0 |
| Reserve for Economic Uncertainties Percentage | 55.72% | | | 52.53% |

* Please see question on page 7.

Public Disclosure of Proposed Collective Bargaining Agreement
Gravenstein Union School District

I. IMPACT OF PROPOSED AGREEMENT ON SUBSEQUENT YEARS

Bargaining Unit: **Combined General Fund**
Gravenstein Union Teachers Association

| | Current Year | Year 2 | Year 3 |
|---|---------------------------------------|--|---|
| | Total Current Budget After Settlement | First Subsequent Year After Settlement | Second Subsequent Year After Settlement |
| REVENUES | | | |
| Revenue Limit Sources (8010-8099) | \$ 5,929,956 | \$ 6,116,930 | \$ 6,283,198 |
| Remaining Revenues (8100-8799) | \$ 1,187,144 | \$ 1,082,560 | \$ 1,082,560 |
| TOTAL REVENUES | \$ 7,117,100 | \$ 7,199,490 | \$ 7,365,758 |
| EXPENDITURES | | | |
| Certificated Salaries (1000-1999) | \$ 3,857,554 | \$ 3,781,316 | \$ 3,836,244 |
| Classified Salaries (2000-2999) | \$ 605,064 | \$ 616,223 | \$ 627,630 |
| Employee Benefits (3000-3999) | \$ 1,555,843 | \$ 1,665,826 | \$ 1,767,241 |
| Books and Supplies (4000-4999) | \$ 297,789 | \$ 288,256 | \$ 291,138 |
| Services, Other Operating Expenses (5000-5999) | \$ 1,031,000 | \$ 1,041,310 | \$ 1,051,723 |
| Capital Outlay (6000-6999) | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Other Outgo (7100-7299) (7400-7499) | \$ 16,500 | \$ 16,500 | \$ 16,500 |
| Direct Support/Indirect Cost (7300-7399) | \$ - | \$ - | \$ - |
| Other Adjustments | | \$ - | \$ - |
| TOTAL EXPENDITURES | \$ 7,388,750 | \$ 7,434,431 | \$ 7,615,476 |
| OPERATING SURPLUS (DEFICIT) | \$ (271,650) | \$ (234,941) | \$ (249,718) |
| Transfers In and Other Sources (8910-8979) | \$ - | \$ - | \$ - |
| Transfers Out and Other Uses (7610-7699) | \$ 74,937 | \$ 44,937 | \$ 44,937 |
| CURRENT YEAR INCREASE (DECREASE) IN FUND BALANCE | \$ (346,587) | \$ (279,878) | \$ (294,655) |
| BEGINNING BALANCE | \$ 8,030,184 | \$ 7,683,597 | \$ 7,403,720 |
| CURRENT-YEAR ENDING BALANCE | \$ 7,683,597 | \$ 7,403,720 | \$ 7,109,065 |
| COMPONENTS OF ENDING BALANCE: | | | |
| Reserved Amounts (9711-9740) | \$ 379,359 | \$ 355,627 | \$ 135,477 |
| Reserved for Economic Uncertainties - Unrestricted (9770) | \$ 298,547 | \$ 299,175 | \$ 306,417 |
| Reserved for Economic Uncertainties - Restricted (9770) | \$ - | \$ - | \$ - |
| Board Designated Amounts - Unrestricted (9775-9780) | \$ 3,383,630 | \$ 3,383,630 | \$ 3,383,630 |
| Board Designated Amounts - Restricted (9775-9780) | \$ - | \$ - | \$ - |
| Unappropriated Amounts - Unrestricted (9790) | \$ 3,622,062 | \$ 3,365,288 | \$ 3,283,541 |
| Unappropriated Amounts - Restricted (9790) | \$ 0 | \$ 0 | \$ 0 |

WARNING: 9790 entries must be positive

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J. IMPACT OF PROPOSED AGREEMENT ON UNRESTRICTED RESERVES

1. State Reserve Standard

| | | Current Year | Year 2 | Year 3 |
|----|--|--------------|--------------|--------------|
| a. | Total Expenditures, Transfers Out, and Uses (Including Cost of Proposed Agreement) | \$ 7,463,687 | \$ 7,479,368 | \$ 7,660,413 |
| b. | State Standard Minimum Reserve Percentage for this District Enter percentage: | 4.00% | 4.00% | 4.00% |
| c. | State Standard Minimum Reserve Amount for this District (For districts with less than 1,001 ADA, this is the greater of Line a, times Line b. or \$50,000) | \$ 298,547 | \$ 299,175 | \$ 306,417 |

2. Budgeted Unrestricted Reserve (After Impact of Proposed Agreement)

| | | | | |
|----|--|--------------|--------------|--------------|
| a. | General Fund Budgeted Unrestricted Designated for Economic Uncertainties (9770) | \$ 298,547 | \$ 299,175 | \$ 306,417 |
| b. | General Fund Budgeted Unrestricted Unappropriated Amount (9790) | \$ 3,622,062 | \$ 3,365,288 | \$ 3,283,541 |
| c. | Special Reserve Fund (Fund 17) Budgeted Designated for Economic Uncertainties (9780) | \$ 512,249 | \$ 515,949 | \$ 519,649 |
| d. | Special Reserve Fund (Fund 17) Budgeted Unappropriated Amount (9790) | \$ - | \$ - | \$ - |
| e. | Total Available Reserves | \$ 4,432,858 | \$ 4,180,412 | \$ 4,109,607 |
| f. | Reserve for Economic Uncertainties Percentage | 59.39% | 55.89% | 53.65% |

3. Do unrestricted reserves meet the state minimum reserve amount?

| | | | | |
|--------------|-----|-------------------------------------|----|--------------------------|
| Current Year | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Year 2 | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Year 3 | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |

4. If no, how do you plan to restore your reserves?

N/A

5. If the total amount of the adjustment in Column 2 on Page 4 does not agree with the amount of the Total Compensation Increase in Section A, Line 5 on Page 1 (i.e., increase was partially budgeted), explain the variance below:

N/A

6. Please include any additional comments and explanations of Page 4 as necessary:

N/A

L. CERTIFICATION NO. 1: CERTIFICATION OF THE DISTRICT'S ABILITY TO MEET THE COSTS OF THE COLLECTIVE BARGAINING AGREEMENT

This disclosure document is intended to assist the district's Governing Board in determining whether the district can meet the costs incurred under the tentative Collective Bargaining Agreement in the current and subsequent years. This certification page should be signed by the Superintendent and Chief Business Official at the time of public disclosure. The absence of one or both of the signatures should serve as a "red flag" to the district's Governing Board.

In accordance with the requirements of Government Code Section 3547.5, the Superintendent and Chief Business Official of the Gravenstein Union School District, hereby certify that the District can meet the costs incurred under this Collective Bargaining Agreement during the term of the agreement from July 1, 2016 to June 30, 2017.

Board Actions

The board actions necessary to meet the cost of the agreement in each year of its term are as follows:

Current Year

Budget Adjustment Categories:

Revenues/Other Financing Sources
Expenditures/Other Financing Uses
Ending Balance(s) Increase (Decrease)

Budget Adjustment Increase/(Decrease)

| | |
|----|-----------|
| \$ | - |
| \$ | 153,018 |
| \$ | (153,018) |

Subsequent Years

Budget Adjustment Categories:

Revenues/Other Financing Sources
Expenditures/Other Financing Uses
Ending Balance(s) Increase (Decrease)

Budget Adjustment Increase/(Decrease)

| | |
|----|--|
| \$ | |
| \$ | |
| \$ | |

Budget Revisions

If the district does not adopt all of the revisions to its budget needed in the current year to meet the costs of the agreement at the time of the approval of the proposed collective bargaining agreement, the county superintendent of schools is required to issue a qualified or negative certification for the district on its next interim report.

Assumptions

See attached page for a list of the assumptions upon which this certification is based.

Certifications

I hereby certify I am unable to certify




District Superintendent
(Signature)

12-Jan-18

Date

I hereby certify I am unable to certify



Chief Business Official
(Signature)

12-Jan-19

Date

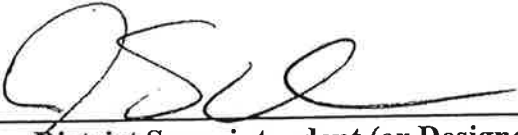
Special Note: The Sonoma County Office of Education may request additional information, as necessary, to review the district's compliance with requirements.

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M. CERTIFICATION NO. 2

The disclosure document must be signed by the district Superintendent or designee at the time of public disclosure and by the President or Clerk of the Governing Board at the time of formal board action on the proposed agreement.

The information provided in this document summarizes the financial implications of the proposed agreement and is submitted to the Governing Board for public disclosure of the major provisions of the agreement (as provided in the "Public Disclosure of Proposed Collective Bargaining Agreement") in accordance with the requirements of AB 1200 and Government Code Section 3547.5.



District Superintendent (or Designee)
(Signature)

12-Jan-18

Date

Wanda Holden, CBO

Contact Person

707-823-7008

Phone

After public disclosure of the major provisions contained in this summary, the Governing Board at its meeting on _____, took action to approve the proposed Agreement with the _____ Bargaining Unit.

President (or Clerk), Governing Board
(Signature)

Date

Special Note: The Sonoma County Office of Education may request additional information, as necessary, to review the district's compliance with requirements.

RECORDING REQUESTED BY:

RETURN to:
Gravenstein Union School District
3840 Twig Ave.
Sebastopol, CA 95472

NOTICE OF COMPLETION

NOTICE is hereby given that we, the undersigned, Board of Trustees of the Gravenstein Union School District did on this 13th day of April 2016, entered into a contract with Silver Creek Industries, Inc. 2830 Barrett Ave. Perris, CA 92571 for the Gravenstein Elementary Phase Two Modernization, Modular Classrooms Increment Two --DSA Application no. 01-115393- Architect Project No. 940.00 on the site of Gravenstein Elementary School located at 3840 Twig Ave, Sebastopol, CA 95472, in strict conformity with the Contract Documents, including addenda and alternates thereto, all is adopted by the Owner.

That on this 17th day of January 2017, the said contract or work of improvement as a whole was completed by the said Silver Creek Industries, Inc. and

That the name and address of all Owners of said property are as follows:

Board of Trustees
Gravenstein Union School District
3840 Twig Ave
Sebastopol CA 95472

Board of Trustees
Gravenstein Union School District
Owners

By: _____
agent

State of California
County of Sonoma

Being duly sworn Jennifer Schwinn says: I am the agent of the property described in the foregoing notice and know the contents thereof, and the same is true of my knowledge.

Subscribed and sworn to before me

This _____ day of _____ 2018 by _____

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

VIII N.

Stephen Roatch - President
Habbas Nassar - Vice President

January 4, 2018

Management and Governing Board of
Gravenstein Union School District
3840 Twig Avenue
Sebastopol, CA 95472

Year 3 of 3-year contract

This letter confirms that Gravenstein Union School District has requested our firm to perform only the audit services described in this letter, and has not requested our firm to provide any specific internal control review or fraud audit service. This letter also confirms our understanding of the terms and objectives of our audit engagement and the nature and limitations of the services we will provide.

We are pleased to confirm our understanding of the services we are to provide Gravenstein Union School District for the fiscal years ending June 30, 2018. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Gravenstein Union School District as of and for the year ending June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Gravenstein Union School District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Gravenstein Union School District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison information
3. Schedule of changes in total OPEB liability and related ratios
4. Schedules of the proportionate share of the net pension liabilities
5. Schedules of contributions

We have also been engaged to report on supplementary information other than RSI that accompanies Gravenstein Union School District's financial statements. We will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

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Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (K-12 Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following, and will include tests of the accounting records of Gravenstein Union School District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Gravenstein Union School District's financial statements. Our report will be addressed to the Governing Board of Gravenstein Union School District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Gravenstein Union School District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Audit Procedures - General (Concluded)

We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions, as applicable. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform test of Gravenstein Union School District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes, GASB 34 conversion entries, depreciation schedule, schedule of changes in total OPEB liability and related ratios, schedules of the proportionate share of the net pension liabilities, schedules of contributions, and supplementary schedules and information (nonaudit services), as applicable, of Gravenstein Union School District's in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

Management Responsibilities (Concluded)

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period; and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services (GASB 34 conversion entries, depreciation schedule, schedule of funding progress, schedules of the proportionate share of the net pension liabilities, schedules of contributions, and supplementary schedules and information, as applicable) we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and any other nonaudit services we provided and that you have reviewed and approved the financial statements and related notes and any other nonaudit services we provided prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

In accordance with Education Code 41020, audit reports will be filed with the County Superintendent of Schools, the California Department of Education, and the State Controller's Office by December 15th following the close of the fiscal year. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Stephen Roatch Accountancy Corporation and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State Controller's Office or its designee, Department of Education, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Stephen Roatch Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State Controller's Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Stephen Roatch, Certified Public Accountant (CPA) is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We agree that our all-inclusive fee will be **\$14,700** for the fiscal year ending June 30, 2018. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. An additional fee will be charged for attending meetings with the District's Board, if deemed appropriate.

Management and Governing Board of
Gravenstein Union School District
January 4, 2018
Page Seven of Eight

Engagement Administration, Fees, and Other (Concluded)

Either party may terminate this agreement at any time for any reason, providing 30 days written notice is given to the other party. It is understood that payment shall be made for services rendered to the point of termination.

It is agreed that the District will withhold ten (10) percent of the audit fee until the State Controller certifies that the report conforms to the reporting provisions of the *Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (K-12 Audit Guide)*.

In accordance with Education Code Section 14505, it is further agreed that the District will withhold fifty (50) percent of the audit fee for any subsequent year of a multi-year contract if the prior year's audit report was not certified as conforming to reporting provisions of the *Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (K-12 Audit Guide)*.

The State Controller of California has required that all Districts and auditors contracting for multi-year engagements include a stipulation that the contract is null and void if the auditor is declared ineligible to perform LEA audits.

In the event that the GASB, FASB, AICPA, GAO, OMB, or the Education Audit Appeals Panel's Office issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you before proceeding further. Before starting the additional work, we will prepare an estimate of the time necessary, as well as the fee for performing the additional work. Our fee for addressing the additional requirements will be our standard hourly rates for each person involved in the additional work.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our applicable hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Management and Governing Board of
Gravenstein Union School District
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In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of your intentional or knowing misrepresentation or provision to us of inaccurate or incomplete information in connection with this engagement, and not any failure on our part to comply with professional standards, you agree to indemnify us, defend us, and hold us harmless as against such obligations.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports. We have attached a copy of our latest external peer review report of our firm for your consideration and files. We are very pleased to participate in this review program as continued evidence of our emphasis on providing Gravenstein Union School District, the highest quality audit.

This engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to Gravenstein Union School District and believe this letter accurately summarizes the significant terms of our engagement. If, after full consideration, you agree that the foregoing terms shall govern this engagement, please sign this letter in the spaces provided and return the original signed letter to our office, keeping a fully-executed copy for your records.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION



Stephen Roatch, Certified Public Accountant
President

RESPONSE:

This letter correctly sets forth the understanding of Gravenstein Union School District.

Management - Approved by:

Governing Board - Acknowledged by:

Name: _____

Title: _____

Board President

Date: _____

**RESOLUTION TO ESTABLISH COMMITTED FUND BALANCES
RESOLUTION #180117-1**

At a regular meeting of the Gravenstein School District Board of Trustees held on January 17, 2018, on a motion made by _____ and seconded by _____, the Board adopts the following resolution:

WHEREAS, the district currently has unallocated funds available; and

WHEREAS, The Hillcrest Improvement Plan (Phase IV) Construction Cost Estimate is \$2,252,204.

WHEREAS, Proposition 39, Energy Efficiency allocation is \$252,560.00 for Hillcrest Middle School and this funding has been received from the State of California.

WHEREAS, The available balance of the Hillcrest Middle School Proposition 39, Energy Efficiency allocation is \$239,485.00 and the approved Energy Efficiency Plan is included in the Hillcrest Improvement Plan Construction Cost Estimate.

WHEREAS, The Hillcrest Improvement Plan (Phase IV) Construction Cost Estimate less the available Prop. 39 Energy Efficiency balance is \$2,012,719.00.

NOW THEREFORE BE IT RESOLVED that the Board of Trustees hereby **COMMITTS** funds in Fund 40 (Special Reserve Fund for Capital Outlay Projects) as provided in Attachment A in order to maintain fiscal solvency and address facilities needs of the District.

The above Resolution is adopted this
17th day of January, 2018
Roll Call Vote:

- Trustee Horn: _____
- Trustee Beck: _____
- Trustee Appling: _____
- Trustee Schwartz: _____
- Trustee Koelemeijer: _____

Jim Horn, President,
Board of Trustees

Desiree Beck, Board Clerk

Attachment A

Definition of Committed Fund Balance: consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority (Board of Trustees). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Funds committed for Hillcrest Improvements Project (Phase IV):

| | |
|------------------------------|-----------------------|
| Phase IV Cost Estimate | \$2,252,204.00 |
| <u>Less Prop. 39 balance</u> | <u>(\$239,485.00)</u> |
| Total | \$2,012,719.00 |

Unallocated Funding to be committed: \$2,012,719.00

EXHIBIT D2: INITIAL ROUGH UNIT BASED INITIAL BUDGET ESTIMATE

Based upon input from the GUSD Master Plan and Prop 39 Documents
 Hillcrest Improvements Project
 09/08/17, AXIA Architects

ESTIMATED PROJECT BUDGET

| A. ESTIMATED CONSTRUCTION COSTS | TOTAL |
|--|----------------------------|
| 1. Accessible route to the playgrounds and fields | \$ 159,200 |
| 2. Accessible route signage | \$ 1,875 |
| 5. Electrical Service upgrades | \$ 353,238 |
| 9. Photovoltaic power system | \$ 712,879 |
| Subtotal | <u>\$ 1,227,192</u> |
| Escalation from Summer 2015 to Summer 2018 (8%, 10%,15%) | \$ 449,398 |
| Change Order Contingency (10%) | \$ 122,719 |
| Total Estimated Construction Costs | <u><u>\$ 1,799,309</u></u> |
| | |
| B. ESTIMATED "SOFT" COSTS | TOTAL |
| 1. Arch/Engineering Fee (est. @ 11.6% of const. cost) | \$ 194,425 |
| 2. Civil Engineering | \$ 15,000 |
| 3. Geotechnical Engineering | \$ 10,000 |
| 4. Advertising | \$ 4,000 |
| 5. Inspector of Record | \$ 120,000 |
| 6. Reimbursable Expenses (printing, etc.) | \$ 6,000 |
| 7. DSA Permit Fees | \$ 50,298 |
| 8. Special Inspections | \$ 12,000 |
| 10. Design Contingency (10%) | \$ 41,172 |
| Total Estimated Soft Costs | <u><u>\$ 452,895</u></u> |
| | |
| Total Estimated Project Costs | <u><u>\$ 2,252,204</u></u> |

Note: The Estimated Project Budget is specifically focused on the Contractor's construction costs and the general soft costs associated with the project delivery of the contractor's scope. Examples of additional costs borne by the District not shown above include but are not limited to the following:

1. Cost of temporary quarters and moving expenses.
2. Low Voltage systems such as security and telephone.
3. Financing associated expenses.
4. District staff, agents, and other consultants.
5. Construction Manager (if utilized by District)
6. Fixtures, Furnishings, and Equipment (FF&E).

