

SAN LORENZO VALLEY UNIFIED SCHOOL DISTRICT

BOND OVERSIGHT COMMITTEE

MEETING MINUTES

April 14, 2009

ATTENDEES: Susan Willats (Committee Chair) Julie Haff (Superintendent)
Jim Sikora (Assistant Chair) Liann Reyes (Chief Business Officer)
Mary Ann Clare (Member) Erik Slaughter (Construction Manager)
Beth Hollenbeck (Member) George Wylie (School Board Member)
Elaine Rinkert (Member)
Sue Seegar (Member)

ABSENT: Peter Tasseff (Member)
Susan Weber (School Board Member)

GUEST: Tom Brewer, Measure O Auditor

CALL TO ORDER:

Susan Willats called the meeting to order at 3:20 pm.

APPROVAL OF MINUTES:

The minutes of January 13, 2009, were amended to include the following additions and corrections:

- The meeting was called to order by Jim Sikora, Assistant Chair.
- A correction to the spelling of Susan Willats last name was recorded.
- The committee discussed the air conditioning system that was planned for the new library building. Ms. Clare expressed concern that the only areas that would benefit by air conditioning would be those areas that housed computer units, and that the air conditioning should be installed primarily for the comfort level of the students, not just to keep computer areas cool. Erik Slaughter clarified that the entire building would be air conditioned and not just the areas housing computers.

Motion to approve the minutes of January 13, 2009 with the specified amendments was made by Jim Sikora and seconded by Beth Hollenbeck. Motion carried (6-0).

APPROVAL OF AGENDA:

Motion to approve the Agenda was made by Jim Sikora and seconded by Mary Ann Clare. Motion carried (6-0).

Continued.....

The following updates were provided by Erik Slaughter:

- Library Design Update:

The final design for the new library is scheduled to go before the Board of Directors for approval on April 15, 2009. A schematic design was handed out to the committee. Erik Slaughter referred to page four to demonstrate how the landscape design ties in the high school and middle school areas. The design was taken to the estimators who determined the cost estimate was very close to the amount of funds budgeted for the project. Following approval by the Board of Directors the design plans will then be forwarded to DSA for approval sometime in the Fall.

- Ground Motion Hazard:

It was determined by the earthquake analysis that ground motion would not produce the danger of significant impact on the building itself.

- Site Work Preparation:

- ✓ Hensley Construction removed a 14,000 gallon septic tank which was in the way of the new library.
- ✓ Soil samples have been completed.
- ✓ DMSI movers have separated the portable buildings and relocated them to the Quail Hollow Site.
- ✓ The construction site is ready for ground breaking.

- Meehleis Classroom:

Everything is ready to go but there is somewhat of a delay with DSA. As a result of the state implementing cost cutting measures, DSA is now subject to the work furlough program and everything must be done in-house instead of outsourcing the work. This has created a back log for their agency. The original plan was to have this project completed by September; however, delays at DSA are causing a 12 week stall resulting in an uncertain project completion date. At this point, the delay will not cause any financial impact to the project. Julie Haff advised that she will contact Senator Joe Simitian and apprise him of our situation. He may be able to assist us with the lengthy delays that are putting us seriously behind our deadline.

- P.G. & E. Upgrade:

P.G. & E is having some difficulty in understanding the service needs of the high school. All the required information has been given to them and Erik has been working directly with the people from P.G. & E. There are no major changes or budget impact at this time.

Continued.....

The Committee discussed the time frame for implementation of the solar plan. Erik clarified that to date we have not begun the process for implementation of this service. The question was asked if solar rebates were obtainable as a means of cutting costs. Erik explained that rebates are available but it is the obligation of the solar contractor to guide the rebate process.

- 2007-08 Audit Report:

Tom Brewer from the audit firm of Vavrinek, Trine & Day presented the 2007-08 Measure O audit findings. He handed out draft materials to the committee which detailed the audit findings and reviewed this information with them. He began by stating that the Agreed Upon Procedures Report fulfills the requirement for the audit. In addition he reviewed compliance responsibilities, the financial summary, financial activity for the year, and the designated future use of the bond proceeds. He also verified that all expenses were accounted for, the sales from the bond were deposited and that bond funds were not used for any other school operating process. A copy of the final financial audit will be ready within 48 hours and will go the May 6, 2009 Board Meeting for approval. A copy of the audit will also be sent to all members of the Bond Oversight Committee.

- Communication and Agenda Building:

- ✓ Beth Hollenbeck reported that bond committee communication was published in the news brief section of the Press Banner on February 12, 2009 as well as the Valley Post.
- ✓ Committee discussion took place with regard to the question of what items should be announced to the public. It was determined that all milestone decisions such as board approvals, ground breaking and building progress, including photos, should be disseminated to the public. The suggestion was made that the committee publish at least quarterly all items pertinent to the bond project.
- ✓ The request was made to send out all future meeting minutes electronically to all committee members.
- ✓ Committee members requested that they be informed prior to the next meeting with the architect.

The next Bond Oversight Committee meeting is scheduled for Tuesday, July 14, 2009, at 3:15pm in the District Office Conference Room.

The motion was made to adjourn the meeting by Susan Willats. Motion seconded by Jim Sikora. Motion carried (6-0). Meeting adjourned at 4:15pm.

CONSTRUCTION PROJECT SUMMARY

SCHOOL:	SAN LORENZO VALLEY USD MIDDLE & HIGH SCHOOL LIBRARY		
EST. TYPE:	DESIGN DEVELOPMENT	DATE:	4/1/2009
CLIENT:	BEVERLY PRIOR ARCHITECTS	ESTIMATOR:	Don Todd Associates
		DURATION:	12 MONTHS

ESTIMATE ITEMS	ITEM NO.	ITEM	ITEM DESCRIPTION	AREA (SF)	PROJECT COST
	E-1	SITE WORK	SITE PREP, UTILITIES, HARDSCAPE, LANDSCAPE	38,500	\$ 1,543,383
	E-2	NEW LIBRARY	CONSTRUCT NEW 2-STOREY LIBRARY BUILDING	13,183	\$ 5,081,953
	▲	TOTAL CONSTRUCTION COST:			13,183
			\$/SF:	\$	502.57

SUPPLEMENTAL ITEMS	ITEM NO.	SHEET NAME	ITEM DESCRIPTION	SUPPLEMENTAL COSTS
	S-1			
	▲	TOTAL ALLOWANCES:		
			TOTAL CONSTRUCTION COST & ALLOWANCES:	\$ 6,625,335

ADDITIVE ALTERNATES	ITEM NO.	SHEET NAME	ITEM DESCRIPTION	ADDITIVE ALTERNATE COST
	A-1	Alternate 1: West Amphitheater	Deleted	
	A-2	Alternate 2: East Amphitheater	Deleted	
	▲	TOTAL ADDITIVE ALTERNATES:		

DEDUCTIVE ALTERNATES	ITEM NO.	SHEET NAME	ITEM DESCRIPTION	DEDUCTIVE ALTERNATE COST
	▲	TOTAL DEDUCTIVE ALTERNATES:		

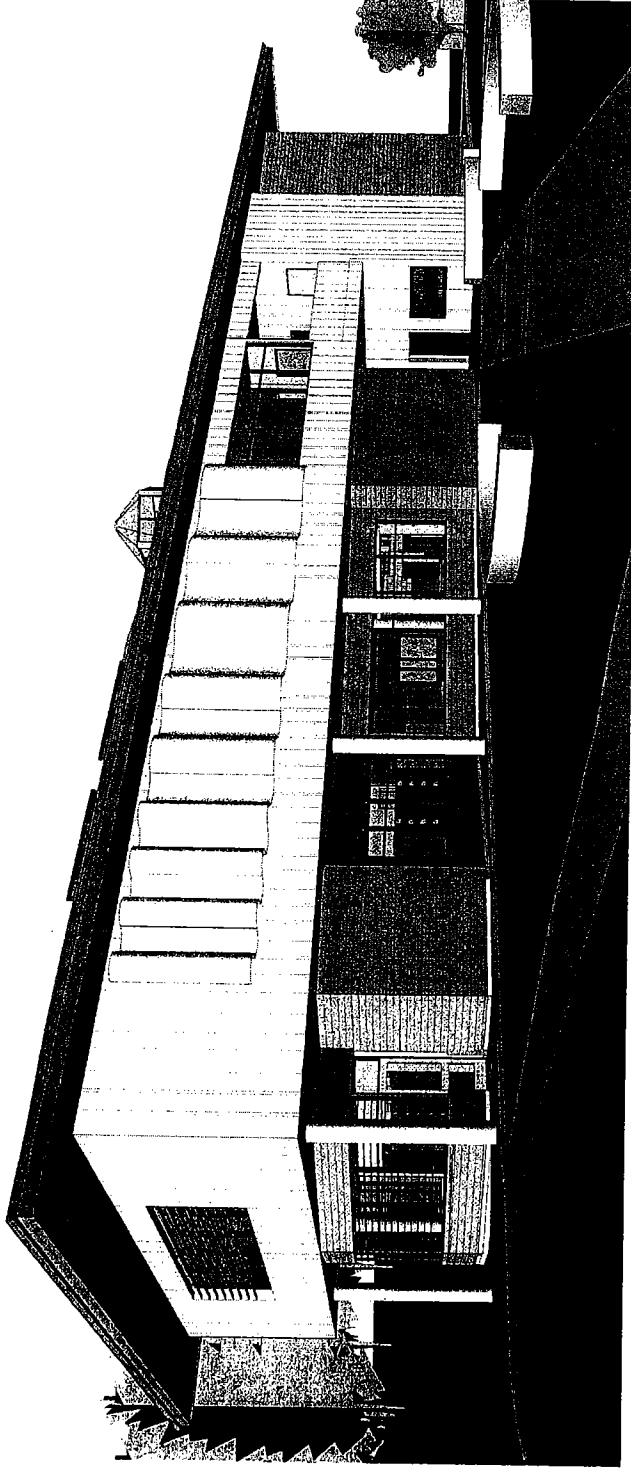
SAN LORENZO VALLEY USD
HS/MS LIBRARY
 7105 HIGHWAY 9 FELTON, CA 95018
 DESIGN DEVELOPMENT

**BEVERLY
 PRIOR**
architects

22 EUTAW STREET, WILMINGTON
 SAN FRANCISCO, CA 94108
 PH: 415/775-0200 FAX: 415/775-1474
 WWW.BEVLPRIOARCH.COM

SAN LORENZO
 VALLEY USD
**HS/MS
 LIBRARY**

7105 HIGHWAY 9
 FELTON, CA 95018



- OWNER: SAN LORENZO VALLEY USD
 7105 HIGHWAY 9 FELTON, CA 95018
- ARCHITECT: BEVERLY PRIOR ARCHITECTS, INC.
 22 EUTAW STREET, WILMINGTON, CA 94108
 PH: 415/775-0200 FAX: 415/775-1474
 WWW.BEVLPRIOARCH.COM
- DESIGN DEVELOPMENT: BEVERLY PRIOR ARCHITECTS, INC.
 22 EUTAW STREET, WILMINGTON, CA 94108
 PH: 415/775-0200 FAX: 415/775-1474
 WWW.BEVLPRIOARCH.COM
- LANDSCAPE ARCHITECT: LANDSCAPE ARCHITECTS, INC.
 22 EUTAW STREET, WILMINGTON, CA 94108
 PH: 415/775-0200 FAX: 415/775-1474
 WWW.BEVLPRIOARCH.COM
- GENERAL CONTRACTOR: GVA, CONSTRUCTION
 22 EUTAW STREET, WILMINGTON, CA 94108
 PH: 415/775-0200 FAX: 415/775-1474
 WWW.BEVLPRIOARCH.COM

B1 PROJECT TEAM

- A1 VICINITY MAP
- A2 AREA MAP
- A3 CAMPUS PLAN
- A4 KEY PLAN
- A5 KEY PLAN

COVER SHEET

2025.01
A000

BEVERLY
PRIOR
architects

725 SUTTER STREET, 9TH FLOOR
SAN FRANCISCO, CA 94108
PHONE: 415.774.9200 FAX: 415.774.9201
WWW.BEVLPRIOARCH.COM

OWNER
SAN LORENZO
VALLEY USD
HS/MS
LIBRARY

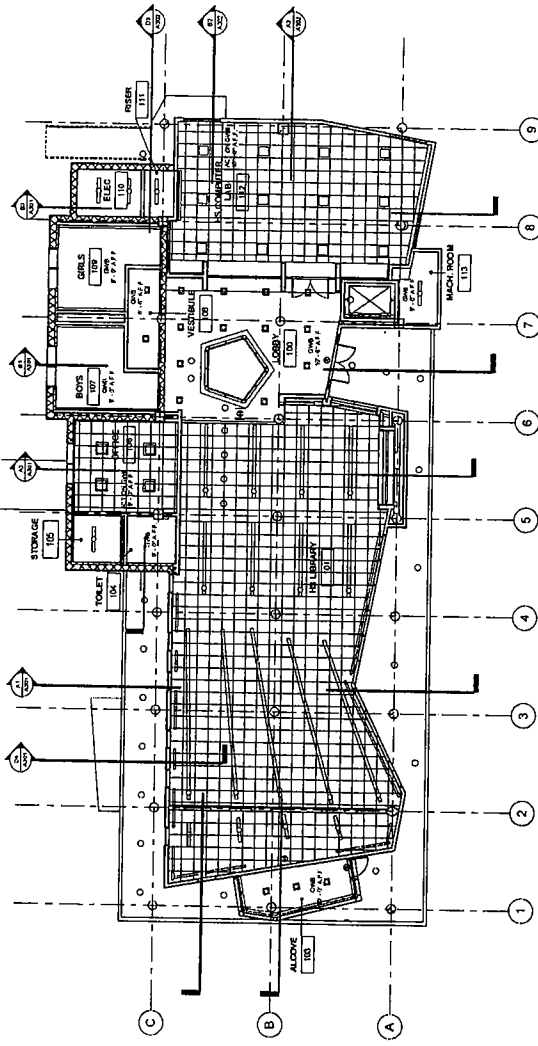
7105 HIGHWAY 9
FELTON, CA 95018

DATE: 02.13.11
BY: A.L. SC.
CHECKED: A.L. SC.
DESIGNED: A.L. SC.
DRAWN: A.L. SC.

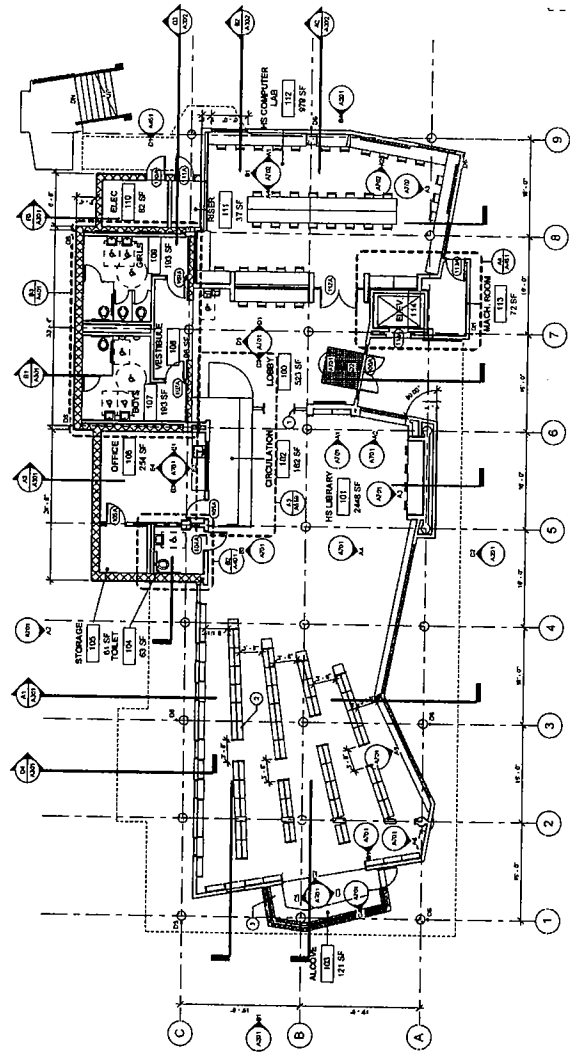
GROUND FLOOR
AND REFLECTED
CEILING PLANS

2009031

A121



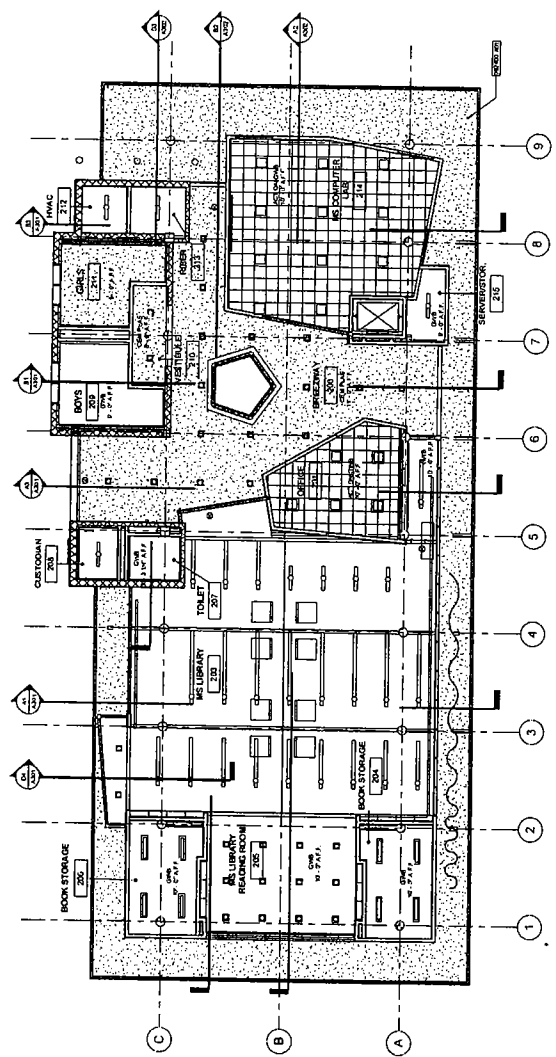
C1 GROUND FLOOR - HIGH SCHOOL LIBRARY REFLECTED CEILING PLAN



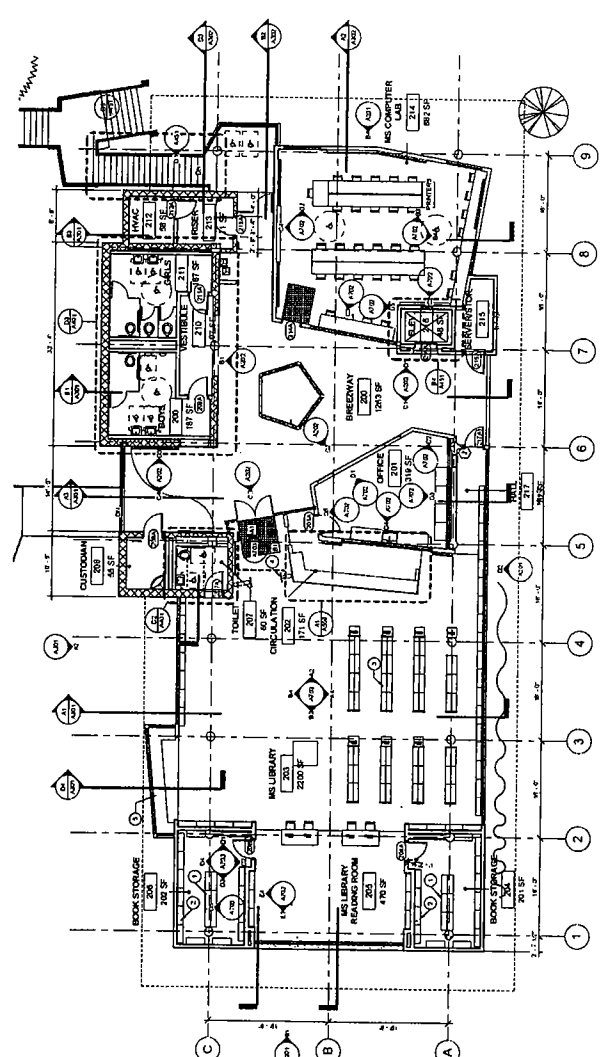
A1 GROUND FLOOR - HIGH SCHOOL LIBRARY FLOOR PLAN

REVISIONS:
1. REVISION TO ADD SECURITY SYSTEMS (AS SHOWN IN LIBRARY FLOOR PLAN)
2. REVISION TO ADD SECURITY SYSTEMS (AS SHOWN IN LIBRARY FLOOR PLAN)

A5 SHEET NOTES



C1 SECOND FLOOR - MIDDLE SCHOOL LIBRARY REFLECTED CEILING PLAN



A1 SECOND FLOOR - MIDDLE SCHOOL LIBRARY FLOOR PLAN

- 1. ALL ROOMS SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 2. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 3. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 4. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 5. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 6. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 7. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 8. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.
- 9. ALL CEILING SHALL BE FINISHED WITH 1/2" GYP BOARD ON 1" BATT INSULATION.



VALUE THE DIFFERENCE

August 12, 2008

Liann Reyes, Chief Business Officer
San Lorenzo Valley Unified School District
Ben Lomond, California

Re: Contract for the Proposition 39 Financial and Agreed-upon-Procedures audits.

Dear Ms. Reyes:

Enclosed are two copies of the engagement letter for the Proposition 39 Financial and Agreed Upon Procedures audits for fiscal year ending June 30, 2008 for San Lorenzo Valley Unified School District.

If the engagement letter meets with your approval, please sign each copy and forward one copy to us, and keep the second copy for your files.

If you have any questions, please call me.

Yours very truly,

A handwritten signature in black ink, appearing to be "T. Brewer", with a long horizontal flourish extending to the right.

Thomas A. Brewer, Partner
of VAVRINEK, TRINE, DAY & CO., LLP

TAB/jcp

Enclosures

August 12, 2008

Liann Reyes, Chief Business Officer
San Lorenzo Valley Unified School District
Ben Lomond, California

We are pleased to confirm our understanding of the services related to Measure O General Obligation Bonds we are to provide San Lorenzo Valley Unified School District for the year ended June 30, 2008. We will audit the financial statements of the 2007 Measure O General Obligation Bond Fund, and perform agreed upon procedures which were agreed to by the management of the San Lorenzo Valley Unified School District (the District) subject to discussion with the Citizens' Bond Oversight Committee. The purpose is to verify that the use of the funds is within the scope of the published materials with the Measure O ballot specifying the intended use of bond funds and to satisfy the requirements for a "performance audit" as referred to in Proposition 39, subparagraph (C) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution.

Performance Audit - Agreed Upon Procedures Report

We will performed the agreed-upon procedures, which have been agreed to by the management of the San Lorenzo Valley Unified School District, to review the expenditures reported in the District's Measure O General Obligation Bond Fund and the allocation of the expenditures reported to the District's board and Citizens' Bond Oversight Committee.

The purpose of the engagement is to document if the use of the funds is within the scope of the materials published with the Measure O General Obligation Bond ballot specifying the intended use of the funds to satisfy the requirements for a "performance audit" as included in Proposition 39 and incorporated in Subparagraph (C) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution.

Management is responsible for San Lorenzo Valley Unified School District's compliance with those requirements. This engagement to perform agreed upon procedures will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The sufficiency of these procedures is solely the responsibility of the San Lorenzo Valley Unified School District. Consequently, we will make no representation regarding the sufficiency of the procedures described below either for the purpose of which this report has been requested or for any other purpose.

Agreed Upon Procedures

1. Verify that the net funds from the sale of the 2008 Series A General Obligation Bonds were deposited into the Bond Fund.
2. Verify that the expenditure of funds was accounted for in the Bond Fund to allow for accountability.

3. Select expenditure transactions from the Bond Fund, of \$100,000 and, if necessary, a systematic sample of expenditures under \$100,000 to account for at least 80 percent of the expenditures and verify that the funds expended were:
 - Used for school facilities projects specified in election documents for Measure O only, and
 - Not used for teacher and administrator salaries and other school operating expenses.

Financial Audit

We will audit the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the 2007 Measure O General Obligation Bond Fund (the Bond Fund), of the San Lorenzo Valley Unified School District, as of and for the year ended June 30, 2008. The financial statements will present only the Bond fund and will not purport to, present fairly the financial position and results of operations of the San Lorenzo Valley Unified School District in conformity with accounting principles generally accepted in the United States of America.

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 will conduct 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.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal awards, but the responsibility for the financial statements remains with you. 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. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the 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.

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 (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations, including Proposition 39 and provisions of Measure O.

As part of the audit, we will prepare a draft of your financial statements, schedule of expenditures of federal awards, and related notes. You will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services. We understand that the Chief Business Officer is the designated individual.

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. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. 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 or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the Agreed upon Procedure report. Our responsibility as auditors are limited to the period covered by our audit and does not extend to matters that might arise during any 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, creditors, and financial institutions. 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 also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

In planning and performing our audit, we will consider the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and on its compliance with requirements applicable to major programs, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we will not express an opinion on the effectiveness of the District's internal control over financial reporting.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. 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.

An audit is not designed to provide assurance on internal control or to identify control deficiencies. However, we will inform the Board and Citizens' Bond Oversight Committee, or audit committee of any matters involving internal control and its operation that we consider being significant deficiencies or material weaknesses under standards established by the American Institute of Certified Public Accountants. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting will be for the limited purpose described in the first paragraph of this section and will not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Audit Procedures—Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of San Lorenzo Unified School District's compliance with applicable laws and regulations and the provisions of contracts and agreements, including Proposition 39 and provisions of Measure O. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Administration and Access to Work papers

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any invoices selected by us for testing.

The audit documentation for this engagement is the property of Vavrinek, Trine, Day & Co., LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the California Department of Education, the California State Controller, or their designees, a federal agency providing direct or indirect funding, or the U.S. General Accounting 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 Vavrinek, Trine, Day & Co., LLP 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 date the auditors' report is issued or for any additional period requested by the California Department of Education, the California State Controller, or during the pendency of any board investigation, disciplinary action, or legal action involving the licensee or the licensee's firm. If we are aware that a regulatory agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Audit Fees

The fee listed below is based on the agreed upon procedures listed above, anticipated cooperation from your personnel, the assumption that unexpected circumstances will not be encountered during the audit and there are no significant changes in reporting format and/or audit requirements or significant changes in the operations of the District. 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.

You may request that we perform additional agreed upon procedures not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. 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 fees for this engagement will be based on the hours required at our standard hourly rates not to exceed \$1,000 and is included in the fee for the District's annual financial audit for the 2006-07 fiscal year.

In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to litigation. The costs of any mediation proceedings shall be shared equally by all parties. The District and Auditors both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration will be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF DISPUTE OVER FEES, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

Annual Report—Form and Content, Delivery

Twenty-five (25) copies of the audit reports and agreed-upon-procedure report shall be rendered to the District, in addition to the copies required to be filed with the applicable governmental units. Copies in excess of the contract amount will be billed at \$15.00 each. Our peer review report, for the year ended December 2005 has been provided to the District as an attachment to our engagement letter for the annual financial audit. We appreciate the opportunity to be of service to San Lorenzo Unified School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Non-Licensee Owners

Vavrinek, Trine, Day & Co., LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business and Professions Code. It is not anticipated that any of the non-licensee owners will be performing audit services for the agency.

SAN LORENZO VALLEY UNIFIED SCHOOL
DISTRICT

By: 

Title: Chief Business Officer
San Lorenzo Valley Unified School District

VAVRINEK, TRINE, DAY & CO., LLP

By: 

Auditor

Federal Identification

Number: 94-6002633