### ADDENDUM TO AGENDA
ELK GROVE UNIFIED SCHOOL DISTRICT  
Regular Meeting of the Board of Education  
Board Room, Education Center  
9510 Elk Grove-Florin Road  
Elk Grove, CA 95624  
June 3, 2014  
Closed Session – 4:30 p.m.  
Regular Session – 6:00 p.m.

<table>
<thead>
<tr>
<th>Item</th>
<th>Time – Approximate</th>
</tr>
</thead>
<tbody>
<tr>
<td>XI. Discussion/Action Items</td>
<td></td>
</tr>
<tr>
<td>11A. 2014-15 to 2016-17 Annual District Audit Agreement</td>
<td>5 Minutes</td>
</tr>
<tr>
<td>XIV. Consent Agenda – Action</td>
<td>5 Minutes</td>
</tr>
<tr>
<td>16A. Resolution to Establish Temporary Interfund Transfers of Special or Restricted Fund Moneys</td>
<td></td>
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</tbody>
</table>

### AMERICAN WITH DISABILITIES COMPLIANCE NOTICE
In compliance with the Americans with Disabilities Act, those requiring special assistance to access the Board meeting room, to access written documents being discussed at the Board meeting, or to otherwise participate at Board meetings, please contact the Board Secretary, Arlene Hein, at (916) 686-7700. Notification of at least 24 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Board meeting and to provide any required accommodation, auxiliary aids or services.

### DOCUMENT AVAILABILITY
Documents provided to a majority of the Governing Board regarding an open session item on this agenda will be made available for public inspection in District office located at 9510
2014-15 to 2016-17 ANNUAL DISTRICT AUDIT AGREEMENT

Action Requested:
The Board is asked to approve the Crowe Horwath, L.L.P. audit agreement to conduct the 2014-15 to 2016-17 audits required by law.

Discussion:
Crowe Horwath, L.L.P. (formerly Perry Smith) has conducted the Districts required independent financial audits in a professional and satisfactory manner for many years and is accordingly recommended by the administration to conduct the 2014-15 to 2016-17 audits.

Financial Summary:
The fee of $85,000 to conduct the annual District audit is an increase of $2,000 over the current year. District administration recommends entering into a three year contract with Crowe Horwath, L.L.P. The fee for their services will remain the same for all three years.
May 19, 2014

Dr. Steven M. Ladd
Superintendent
Elk Grove Unified School District
9510 Elk Grove - Florin Road
Elk Grove, California 95624

Dear Dr. Ladd:

This letter confirms the agreement for Crowe Horwath LLP ("Crowe" or "us" or "we" or "our") to provide the professional services discussed in this letter to Elk Grove Unified School District ("the District" or "you" or "your") for the years ending June 30, 2015, 2016 and 2017. Crowe and the District shall be collectively referred to as the “Parties,” and separately as a “Party.” This agreement shall begin on January 1, 2015 and shall terminate on December 31, 2017. The attached Crowe Engagement Terms is an integral part of this engagement letter ("engagement letter" or "agreement"), and its terms are incorporated herein.

AUDIT SERVICES

Our Responsibilities

We will audit the financial statements of the governmental activities, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements of the District for each of the periods indicated. In addition to our report on the financial statements, we plan to evaluate the presentation of the following supplementary information in relation to the financial statements as a whole, and to report on whether this supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

1. Combining and Individual Fund Financial Statements and Schedules
2. District Organization
3. Schedule of Average Daily Attendance
4. Schedule of Instructional Time
5. Schedule of Expenditures of Federal Awards
7. Schedule of Financial Trends and Analysis
8. Schedule of Charter Schools
9. Schedule of First 5 Revenues and Expenditures

In addition to our report on the financial statements, we also plan to perform specified procedures in order to describe in our report whether the following required supplementary information is presented in accordance with applicable guidelines. However, we will not express an opinion or provide any assurance on this information due to our limited procedures:

1. Required Supplementary information - Management's Discussion and Analysis
2. Required Supplementary information - Budgetary Comparison Schedule
3. Required Supplementary information - Other Postemployment Benefits
The objective of the audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of California’s Audit Guide, Standards and Procedures for Audits of California K-12 Local Education Agencies. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud, and that we report on the Schedule of Expenditures of Federal Awards (as noted above), and on your compliance with laws and regulations and on its internal controls as required for a Single Audit. Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with applicable standards. An audit is not designed to detect error or fraud that is immaterial to the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment including the assessment of the risks that the financial statements could be misstated by an amount we believe would influence the financial statement users. 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.

In making our risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. However, we will communicate in writing to those charged with governance and management concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. We will communicate to management other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in our professional judgment, are of sufficient importance to merit management’s attention. We will also communicate certain matters related to the conduct of the audit to those charged with governance, including (1) fraud involving senior management, and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential) (3) disagreements with management and other significant difficulties encountered in performing the audit and (4) various matters related to the District’s accounting policies and financial statements. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We expect to issue a written report upon completion of our audit of the financial statements. Our report will be addressed to the Board of Trustees of the District. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph, or withdraw from the engagement.

In addition to our report on the financial statements and supplemental information, we plan to issue the following reports:

- Independent Auditor’s Report on Compliance with State Laws and Regulations — The purpose of this report on compliance is solely to describe the scope of our testing based on the requirements of the State of California’s Standards and Procedures for Audits of California K-12 Local Educational Agencies. Accordingly, this report is not suitable for any other purpose.
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards — The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance — The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Independent Auditor’s Report on Compliance for the First Five Sacramento County Program and Report on Internal Control Over Compliance — The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the First Five Sacramento County Program. Accordingly, this report is not suitable for any other purpose.

We will also perform tests of controls including testing underlying transactions, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of your major federal awards programs. We will determine major programs in accordance with OMB Circular A-133. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed. We will inform you of any deficiencies or other matters involving internal control, if any, as required by OMB Circular A-133.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of your compliance with applicable laws, regulations, contracts and grants. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. The objective of our audit of compliance relative to the financial statements will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. We will advise you, however, of any matters of that nature that come to our attention, unless they are clearly inconsequential.

OMB Circular A-133 requires that we plan and perform the audit to obtain reasonable assurance about whether you have complied with certain provisions of laws, regulations, contracts and grants. Our procedures will consist of the applicable procedures described in the OMB Circular A-133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of your major programs. The purpose of our audit will be to express an opinion on your compliance with requirements applicable to major Federal award programs. Because an audit is designed to provide reasonable assurance, but not absolute assurance, the audit is not designed to detect immaterial violations or instances of noncompliance.

Our audit and work product are intended for the benefit and use of the District only. The audit will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.
The working papers for this engagement are the property of Crowe and constitute confidential information. However, we may be requested to make certain working papers available to your oversight agency or grantors pursuant to authority given to them by law, regulation, or contract. If requested, access to such working papers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected working papers to your oversight agency or grantors. The working papers for this engagement will be retained for a minimum of three years after the date our report is issued or for any additional period requested by the oversight agency or pass-through District. If we are aware that a federal awarding agency, pass-through District, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the working papers.

*Government Auditing Standards* require that we provide you with a copy of our most recent peer review report, which accompanies this letter along with the related letter of comment and response thereto.

**The District’s Responsibilities**

The District’s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. The District’s management is also responsible for complying with applicable laws, regulations, contracts and grants and such responsibility extends to identifying the requirements and designing internal control policies and procedures to provide reasonable assurance that compliance is achieved. Additionally, as required by OMB Circular A-133, it is management’s responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings, which should be available for our review, and a corrective action plan.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, and design and implement programs and controls to prevent and detect fraud. Management’s judgments are typically based on its knowledge and experience about past and current events and its expected courses of action. Management’s responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements.

Management is responsible for providing to us, on a timely basis, all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. Management is also responsible for providing such other additional information we may request for the purpose of the audit, and unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence. Additionally, those charged with governance are responsible for informing us of their views about the risks of fraud within the District, and their knowledge of any fraud or suspected fraud affecting the District.

Management is responsible for adjusting the financial statements to correct material misstatements related to accounts or disclosures. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements and to its compliance with the requirements of its Federal programs. Because of the importance of management’s representations to an effective audit, you agree to release Crowe and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.
Management is responsible for the preparation of the supplementary information identified above in accordance with the applicable criteria. As part of our audit process, we will request from management certain written representations regarding management's responsibilities in relation to the supplementary information presented, including but not limited to its fair presentation in accordance with the applicable criteria, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information. In addition, it is management's responsibility to include the auditor's report on supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. It is also management's responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.

Management is responsible for the preparation of the required supplementary information identified above in accordance with the applicable guidelines. We will request from management certain written representations regarding management's responsibilities in relation to the required supplementary information presented, including but not limited to whether it has been measured and presented in accordance with prescribed guidelines, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information.

At the conclusion of the engagement, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of thirty days after receipt of the auditor's reports or nine months after the end of the audit period.

OTHER SERVICES

Financial Statement Preparation

The District will provide us with the necessary information to prepare the draft financial statements including the notes thereto. We are relying on the District to provide us with the detailed trial balance, note disclosure information and any other relevant report information in a timely fashion and ensure the data is complete and accurate. Management is solely responsible for the presentation of the financial statements.

Preparation of the Schedule of Expenditure of Federal Awards

The District will provide us with the necessary information to prepare the draft schedule of expenditure of federal awards including the notes thereto. We are relying on the District to provide us with all information required by OMB A-133 for the schedule, notes and other relevant reporting information in a timely fashion and ensure the data is complete and accurate. Management is solely responsible for the presentation of the schedule of expenditures of federal awards.

Recordkeeping Assistance

The District will provide us with the necessary information to assist you in your recordkeeping. We will propose year end adjusting entries to management for your review and approval, including modified accrual to accrual conversion entries (in accordance with GASB 34). We are relying on the District to provide us with the necessary information in a timely fashion and ensure the data is complete and accurate.
With respect to the above other services, you agree to: assume all management responsibilities including making all management decisions; oversee the service by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or expertise; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

FEES

Our fees, including out-of-pocket expenses, will not exceed those shown in the schedule, below. Our invoices are due and payable upon receipt. If any amounts invoiced remain unpaid 30 days after the invoice date, you agree that Crowe may, in its sole discretion, cease work until all such amounts are paid or terminate this engagement.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>District Financial Statement Audit</th>
<th>First 5 Compliance Audit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2015</td>
<td>$ 82,000</td>
<td>$ 3,000</td>
<td>$ 85,000</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>$ 82,000</td>
<td>$ 3,000</td>
<td>$ 85,000</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>$ 82,000</td>
<td>$ 3,000</td>
<td>$ 85,000</td>
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In accordance with the requirements of Education Code Section 14505, the District will not be required to pay the final 10% of this amount until the current year audit report has been accepted by the State Controller's Office.

Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. Examples of such circumstances include, but are not limited to:

- Changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management's correction of, inappropriate application of accounting pronouncements
- Erroneous or incomplete accounting records
- New or unusual transactions
- Failure of your staff to prepare information in a timely manner
- Numerous revisions to your information
- Lack of availability of appropriate District personnel during audit fieldwork

Additionally, to accommodate requests to reschedule audit fieldwork without reasonable notice, additional billings for our services could be required, and our assigned staffing and ability to meet agreed-upon deadlines could be impacted. However, if significant additional time is necessary, we will first discuss it with the District and arrive at a new deadline and/or fee estimate before incurring the additional costs. The table, set forth below, describes the hourly rates for the period of January 1, 2015 through December 31, 2017.

| Partner             | $ 350 |
| Senior Vice President | $ 275 |
| Vice President      | $ 250 |
| Supervising Associate | $ 200 |
| Senior Associate    | $ 150 |
| Associate           | $ 125 |
| Administrative       | $ 40  |
Our fee assumes that we will be provided with auditable trial balances for all funds at year end, that all bank accounts and investment accounts will be reconciled through the end of the year being audited to the trial balances, that interfund and transfer accounts will balance, that subsidiary ledgers will reconcile to the general ledger and that beginning fund equity amounts will be reconcilable to prior year audited ending fund equity. We assume that the District will cooperate with our requests for information such as explanations of account activity.

Additionally, we assume the District will provide a copy of the capital assets ledger including current year additions and dispositions and depreciation by functional expense. We assume that requested records such as invoices, contracts, grant agreements and supporting documentation will be located and provided to us. We also assume the District will prepare the MD&A section of the report.

Our fee does not include implementation of any other future accounting or auditing pronouncements and/or government requirements that may change, thus, the scope or amount of auditing necessary to complete our engagements may increase beyond what is currently anticipated. Should such events occur, we would present you with our estimate of any possible increase prior to beginning our audit for the given year. An equitable adjustment in the proposed fee will be negotiated if the cost of time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by the District or required by State or Federal regulations.

When we become aware of circumstances which impact the amount or scheduling of our work, we will issue, for your approval, a formal change order detailing the reason and the anticipated impact of the change.

The District reserves the right to cancel this agreement at any time and for any reason with thirty (30) days written notice. Notice shall be sent via regular mail to:

Steven E. Wesccatt, Partner  
400 Capitol Mall, Suite 1400  
Sacramento, California 95814  
Or  
Matthew A. Nethaway, Partner  
400 Capitol Mall, Suite 1400  
Sacramento, California 95814

This engagement letter and the attached Crowe Engagement Terms reflect the entire agreement between the Parties relating to the services covered by this agreement. The headings included in this agreement are to assist in ease of reading only; the engagement letter and attachment(s) are to be construed as a single document, with the provisions of each section applicable throughout. This agreement may not be amended or varied except by a written document signed by both Parties. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this engagement letter. The terms of this agreement between the District and Crowe contained in this engagement letter shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included. This agreement shall be interpreted and construed under, and governed by the internal laws of the State of California, without regard for choice of law principles.
If the terms of this engagement letter and the attached Crowe Engagement Terms are acceptable to you, please sign and date below and return a copy of this letter at your earliest convenience. If you have any questions, please contact Steven Wescoatt or Matthew Nethaway at (916) 441-1000.

Very truly yours,

Crowe Horwath LLP

By: [Signature]

Crowe Horwath LLP and the Engagement Authorized Signer above are licensed by the California Board of Accountancy.

I have reviewed the arrangements outlined above and in the attached Crowe Engagement Terms, and I accept on behalf of the District the terms and conditions as stated. However, Crowe understands that this agreement shall not become effective until it has been ratified by the District’s Governing Board in accordance with its policies and practices.

Elk Grove Unified School District

Signature: __________________________

Printed Name: ______________________

Title: ______________________________

Date: ______________________________
Crowe Engagement Terms

We want you to understand the basis under which we offer our services to you and determine our fees, as well as to clarify the relationship and responsibilities between your organization and ours. These terms are part of our engagement letter and apply to all future services, unless a specific engagement letter is entered into for those services. We specifically note that no advice we may provide should be construed to be investment advice.

YOUR ASSISTANCE - For us to provide our services effectively and efficiently, you agree to provide us timely with the information we request and to make your employees available for our questions. You will also provide our personnel with access to the Internet (if available). The availability of your personnel and the timetable for their assistance are key elements in the successful completion of our services and in the determination of our fees. Completion of our work depends on appropriate and timely cooperation from your personnel; complete, accurate, and timely responses to our inquiries; and timely communication by you of all significant accounting and financial reporting matters of which you are aware. If for any reason this does not occur, a revised fee to reflect the additional time or resources required by us will be mutually agreed upon, and you agree to hold us harmless against all matters that arise in whole or in part from any resulting delay.

If circumstances arise that, in our professional judgment, prevent us from completing this engagement, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue other work product or withdrawing from the engagement. However, we will discuss our decision to decline to express an opinion, issue a work product or withdraw from the engagement, before doing so.

THIRD PARTY PROVIDER - We may, with the District's consent which shall not be unreasonably withheld, use a third-party service provider in providing professional services to you which may require our sharing your confidential information with the provider. If we use a third-party service provider, we will enter into a confidentiality agreement with the provider to require them to maintain the confidentiality of your confidential information. The terms of our engagement letter and these engagement terms shall apply to any third party provider.

CONFIDENTIALITY - We will maintain the confidentiality of your confidential information in accordance with professional standards. The Parties agree not to disclose any confidential material either Party obtains from the other without our prior written consent of the non-disclosing Party, except to the extent such disclosure is an agreed objective of this engagement. The District's use of Crowe's work product shall be limited to its stated purpose and to your business use only. Crowe retains the right to use the ideas, concepts, techniques, industry data, and know-how it uses or develops in the course of the engagement. The Parties agree to the use of fax, email, and voicemail to communicate both sensitive and non-sensitive matters; provided, however, that nonpublic personal information regarding customers or consumers shall not be communicated by unencrypted email.

CHANGES - We may periodically communicate changes in laws, rules, or regulations to you. However, you have not engaged us to and we do not undertake an obligation to advise you of changes in laws, rules, regulations, industry or market conditions, your own business practices, or other circumstances, except to the extent required by professional standards.

PUBLICATION - You agree to obtain our specific permission before using our report or our firm's name in a published document, and you agree to submit to us copies of such documents to obtain our permission before they are filed or published.

NO PUNITIVE OR CONSEQUENTIAL DAMAGES - Any liability of Crowe to you shall not include any special, indirect, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings, or business opportunity.
LIMIT OF LIABILITY - The provisions of this section establishing a limit of liability will not apply if, as determined in a judicial proceeding, we performed our services with gross negligence or willful misconduct. Our engagement with you is not intended to shift risks normally borne by you to us. With respect to any services or work product or this engagement in general, the liability of Crowe and its personnel shall not exceed two times the fees we receive for the portion of the work giving rise to liability. A claim for actual damages of up to two times the fees actually paid shall be the exclusive remedy for any damages. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted. This limitation of liability shall also apply after termination of this agreement.

INDEMNIFICATION FOR THIRD-PARTY CLAIMS - The provisions of this section for indemnification will not apply if, as determined in a judicial proceeding, we performed our services with gross negligence or with willful misconduct. Our engagement with you is not intended to shift risks normally borne by you to us. In the event of a legal proceeding or other claim brought against us by a third party, you agrees to indemnify and hold harmless Crowe and its personnel against all costs, fees, expenses, damages, and liabilities, including defense costs and legal fees, associated with such third-party claim arising from or relating to any services or work product that you use or disclose to others or this engagement generally. This indemnification is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted. This indemnification shall also apply after termination of this agreement.

NO TRANSFER OR ASSIGNMENT - No claim against Crowe, or any recovery from or against Crowe, may be sold, assigned or otherwise transferred, in whole or in part. Furthermore, Crowe agrees not to assign or otherwise transfer, in whole or in part, any of the services Crowe has agreed to provide, as stated in the engagement letter, to a third party. However, Crowe may use a third-party service provider in providing professional services, as set forth above in the paragraph entitled “Third Party Provider” with the consent of the District.

TIME LIMIT ON CLAIMS - In no event shall any action against you or Crowe, arising from or relating to this engagement letter or the services provided by Crowe relating to this engagement, be brought after the earlier of 1) two (2) years after the date on which occurred the act or omission alleged to have been the cause of the injury alleged; or 2) the expiration of the applicable statute of limitations or repose.

RESPONSE TO LEGAL PROCESS - If we are requested by subpoena, other legal process, or other proceedings to produce documents pertaining to you and we are not a named party to the proceeding, you will reimburse us for our professional time, plus out-of-pocket expenses, as well as reasonable attorney’s fees that we incur in responding to such request.

MEDIATION - If a dispute arises, in whole or in part, out of or related to this engagement, or after the date of this agreement, between you or any of your affiliates or principals, and Crowe, and if the dispute cannot be settled through negotiation, you and Crowe agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. The results of mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation shall be shared equally by both parties.

JURY TRIAL WAIVER - FOR DISPUTES LITIGATED IN ANY FORUM OTHER THAN CALIFORNIA STATE COURT - For all matters not brought in California state court, the parties agree to waive a trial by jury to facilitate judicial resolution and to save time and expense. Each party agrees that it has had the opportunity to have its legal counsel review this waiver. This waiver is irrevocable, may not be modified either orally or in writing, and shall apply to any subsequent amendments, renewals, or modifications to this Agreement. In the event of litigation, this Agreement may be filed as written consent to a trial by court.
FOR DISPUTES LITIGATED IN CALIFORNIA STATE COURT - Following mediation, all claims, causes of action or other disputes concerning this engagement (each a "Claim"), including questions of law or fact relating thereto, shall upon either party's request be determined by judicial reference pursuant to the California Code of Civil Procedure ("Reference"). The parties shall select a single neutral referee, who shall be an attorney who is also a certified public accountant. In the event that the parties cannot agree upon a referee, the referee shall be appointed by the court, but such referee shall be an attorney who is also a certified public accountant. The referee shall report a statement of decision to the court. Nothing in this paragraph shall limit the right of any party at any time to cease work or otherwise exercise or obtain self-help or provisional remedies. The parties shall bear the fees and expenses of the referee equally. The referee shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. The parties acknowledge and agree that the Claims will not be adjudicated by a jury.

LEGAL AND REGULATORY CHANGE - The scope of services and the fees for the services covered by the accompanying letter are based on current laws and regulations. If changes in laws or regulations change your requirements or the scope of our work, you and we agree that our fees will be modified to a mutually agreed-upon amount to reflect the changed level of our effort.

CONSENT TO HIRE - You and we acknowledge the importance of retaining key personnel. Accordingly, both parties agree that during the period of this agreement and for one year after its expiration or termination, neither party will solicit any personnel of the other party for employment without the written consent of the other party.

AFFILIATES - Crowe Horwath LLP ("Crowe") is an independent member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath International is a separate and independent legal entity. Crowe and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International. Crowe Horwath International does not render any professional services and does not have an ownership or partnership interest in Crowe. Crowe Horwath International and its other member firms are not responsible or liable for any acts or omissions of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe.

NOTIFICATION OF NON-LICENSEE OWNERSHIP - Crowe Horwath LLP ("the Firm") and certain owners of the Firm are licensed by the California State Board of Accountancy. However, the Firm has owners not licensed by the California State Board of Accountancy who may provide client services under this agreement. If you have any questions regarding licensure of the personnel performing services under this engagement, please do not hesitate to contact us.
System Review Report

To the Partners of Crowe Horwath LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Crowe Horwath LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Crowe Horwath LLP applicable to non-SEC issuers in effect for the year ended March 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Crowe Horwath LLP has received a peer review rating of pass.

Cherry Bekaert LLP

Cherry Bekaert LLP
September 24, 2013
December 12, 2013

Charles M Allen, CPA
Crowe Horwath LLP
One Mid America Plaza, Suite 700
Oakbrook Terrace, IL 60181

Dear Mr. Allen:

It is my pleasure to notify you that on December 12, 2013 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2016. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: Scot D Ivey, Samuel E Johnson

Firm Number: 10014904
Review Number: 350003
Subject:Resolution to Establish Temporary Interfund Transfers of Special or Restricted Fund Moneys

Department:Fiscal Services

Action Requested:
Approval of resolution to allow cash transfers between funds as necessary to meet District financial obligations.

Discussion:
The attached resolution will provide the District flexibility to transfer cash between funds as needed to ensure all funds end the fiscal year June 30, 2014, with positive cash balances.
ELK GROVE UNIFIED SCHOOL DISTRICT
ELK GROVE, CALIFORNIA

RESOLUTION NO. 69, 2013-14

RESOLUTION TO ESTABLISH TEMPORARY INTERFUND TRANSFERS OF SPECIAL OR RESTRICTED FUND MONEYS

WHEREAS, the governing board of any school district may direct that moneys held in any fund or account may be temporarily transferred to another fund or account of the district for payment of obligations as authorized by Education Code Section 42603; and

WHEREAS, the transfer shall be accounted for as temporary borrowing between funds or accounts and shall not be available for appropriation or be considered income to the borrowing fund or account; and

WHEREAS, amounts transferred shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year;

NOW THEREFORE, BE IT RESOLVED that the Governing Board of the Elk Grove Unified School District Board of Trustees, in accordance with the provisions of Education Code section 42603 approves authorization for fiscal year 2013-14 to temporarily transfer funds between funds provided that all transfers are approved by the Superintendent or his designee: Associate Superintendent of Finance & School Support.

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I, Steven M. Ladd, Secretary to the Governing Board of the Elk Grove Unified School District, hereby certify that the foregoing is a true copy of the resolution duly and legally adopted by the Governing Board of said Elk Grove Unified School District at a legal meeting of said Board duly and regularly held on June 3, 2014, and that said resolution has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of ____________, 2014.

Date: ____________________

STEVEN M. LADD, Ed.D., Secretary to the GOVERNING BOARD of the ELK GROVE UNIFIED SCHOOL DISTRICT