

Nicasio School District Board of Trustees

AGENDA

- Regular Meeting -

Wednesday, January 31, 2018 5 PM

Nicasio School Library 5555 Nicasio Valley Road, Nicasio CA

1. **Initial Matters**
 - a. Call to Order
 - b. Roll Call
2. **Open Session Agenda**
 - a. Patriotic Moment
 - b. Approval and Adoption of Open Session Agenda *Action*
3. **Public Comment** *Information*
 - o Board members or district staff may, but are not obligated to, briefly respond to statements made or questions posed by the public.
 - o No formal action will be taken.
 - o Designated amount of time to address the Board is limited to 3 minutes per individual.
 - o Concerns about individual employees shall not be discussed in public at school board meetings. Please contact the superintendent with specific concerns.
4. **Consent Agenda** *Mass Action*
 - a. Approval of Warrants Paid: Nov 23 2017 – Jan 25 2018
 - b. Approval of Minutes: Dec 7 2017 Annual Meeting of Board of Trustees
 - c. Quarterly Report on Williams Uniform Complaints (Oct-Dec 2017)
5. **Reports & Announcements** *Information*
 - a. Principal's Report
 - b. Superintendent's Report
 - c. Trustees' Report
6. **PUBLIC HEARING** on Pupil Textbooks and Instructional Materials – Education code 60019 establishes steps and procedures to ensure the availability of textbooks and instructional materials. The procedures require that the District offices take appropriate action to ensure the availability of textbooks and instructional materials on a yearly basis.
7. **Financial/Business Services**
 - a. Consider Approval of Resolution 2017-18 #2r Regarding Sufficiency or Insufficiency of Instructional Materials *Discussion/Action*
 - b. Approval of Dragonfly Therapeutics 2017-18 Master Contract..... *Action*
 - c. Acceptance of 2016-17 Audit Report..... *Action*
 - d. Approval of Year 3 of 3-Year Contract with Stephen Roatch Accountancy Corp..... *Action*

8. **Facility**
 - a. Emergency Generator Update..... *Information*
 - b. Discussion of Notification by Marin County Environmental Health Services Division to Destroy Abandoned Well..... *Discussion*
 - c. Update Regarding Prop. 39 Clean Energy Projects/ Replacement of District-wide Thermostats..... *Report*
9. **Administrative/Governance**
 - a. Consider Approval of Revised Response to Marin County Civil Grand Jury Report April 6 2017: Overcoming Barriers to Housing Affordability..... *Discussion/Action*
10. **Correspondence**..... *Information*
 - a. Re: Approval of Positive Certification of 2017-18 First Interim Budget Report, Terena Mares, Deputy Superintendent, MCOE, Jan 16 2018
 - b. Re: 2017-18 Marin County Statement of Investment Policy, Roy Given, Director of Finance, County of Marin Dept. of Finance, Dec 12 2017
 - c. Re: National Historic Preservation Act Section 106 Consultation for the Proposed Nicasio School Drinking Water Systems Project (Undertaking), Nicasio School District (applicant), Marin County, CA; Drinking Water State Revolving Fund #2100582-001C, Wendy Pierce, Senior Environmental Planner, Division of Financial Assistance, CA State Water Resources Control Board
11. **Conclusion**
 - a. Agenda Planning *Discussion*
 - b. Adjournment *Action*

If you need assistance to access the Board meeting room or to otherwise participate at the meeting, please submit a written request to Nicasio School District Superintendent at PO Box 711, Nicasio, CA 94946 or office@nicasioschool.org. Notification at least 48 hours prior to the meeting will better enable the District to make reasonable accommodations in accordance with the Americans with Disabilities Act.

APY250 L.00.05

Marin County Office of Education
COMMERCIAL WARRANT REGISTER
FOR WARRANTS DATED 12/06/2017

01/27/18 PAGE 1

DISTRICT: 031 NICASIO SCHOOL DISTRICT
BATCH: 0014 GENERAL FUND 11/30
FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	DEPOSIT TYPE FD RESC Y OBJT SO GOAL FUNC LOC ACT GRP	ABA NUM DESCRIPTION	ACCOUNT NUM	AMOUNT
20182003	000922/	AMERIGAS				
		PO-180001 1. 01-0000-0-5505.00-0000-8200-000-000-000		3071187794		605.15
		WARRANT TOTAL				\$605.15
20182004	001419/	AYS ENGINEERING GROUP				
		PO-180004 1. 01-0000-0-5540.00-0000-8200-000-000-000		5493 INV #		274.98
		WARRANT TOTAL				\$274.98
20182005	000121/	BUILDING SUPPLY CENTER				
		PO-180155 1. 01-0000-0-4300.00-0000-8100-000-000-000		70037		16.43
		WARRANT TOTAL				\$16.43
20182006	000807/	JERRY & DON'S PUMP & WELL				
		PO-180016 1. 01-0000-0-5535.00-0000-8200-000-000-000		0125343		1,011.02
		WARRANT TOTAL				\$1,011.02
20182007	001323/	NORTH BAY TAXI				
		PO-180030 1. 01-6500-0-5840.00-5770-3600-000-707-000		OCTOBER 2017 CHARGES		3,020.00
		WARRANT TOTAL				\$3,020.00
20182008	000012/	P G & E				
		PO-180031 1. 01-0000-0-5510.00-0000-8200-000-000-000		8516765363-4 OCT/NOV ELECT GEN		256.68
		1. 01-0000-0-5510.00-0000-8200-000-000-000		4964672870-6 OCT/NOV BILLING		17.60
		WARRANT TOTAL				\$274.28
20182009	000021/	REDWOOD EMPIRE DISPOSAL				
		PO-180035 1. 01-0000-0-5550.00-0000-8200-000-000-000		919659		446.74
		WARRANT TOTAL				\$446.74
20182010	001418/	BARBARA SNEKKEVIK				
		PV-180034 01-0000-0-5230.00-0000-2700-000-000-000		MILEAGE REIMB		97.20
		WARRANT TOTAL				\$97.20
20182011	000600/	SONOMA COUNTY OFFICE OF ED				
		PO-180040 1. 01-0000-0-5829.00-0000-7100-000-000-000		IN-18-01232		525.00
		WARRANT TOTAL				\$525.00

APY250 L.00.05

Marin County Office of Education
 COMMERCIAL WARRANT REGISTER
 FOR WARRANTS DATED 12/06/2017

01/27/18 PAGE 2

DISTRICT: 031 NICASIO SCHOOL DISTRICT
 BATCH: 0014 GENERAL FUND 11/30
 FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	DEPOSIT TYPE FD RESC Y OBJT SO GOAL FUNC LOC ACT GRP	ABA NUM DESCRIPTION	ACCOUNT NUM	AMOUNT
20182012	001185/	STEPHEN ROATCH ACCOUNTANCY COR				
		PO-180043 1. 01-0000-0-5809.00-0000-7191-000-000-000		2016-17 COMPLIANCE AUDIT		3,400.00
		WARRANT TOTAL				\$3,400.00
20182013	000668/	TRANSBAY SECURITY SERVICE				
		PO-180156 1. 01-0000-0-5610.00-0000-8100-000-000-000		66713		140.08
		WARRANT TOTAL				\$140.08
20182014	001423/	WILDCARE				
		PO-180152 1. 01-9315-0-5819.00-1110-1010-000-012-000		SCHOOOL ASSEMBLY		208.00
		WARRANT TOTAL				\$208.00
*** FUND	TOTALS ***		TOTAL NUMBER OF CHECKS: 12	TOTAL AMOUNT OF CHECKS:		\$10,018.88*
			TOTAL ACH GENERATED: 0	TOTAL AMOUNT OF ACH:		\$.00*
			TOTAL EFT GENERATED: 0	TOTAL AMOUNT OF EFT:		\$.00*
			TOTAL PAYMENTS: 12	TOTAL AMOUNT:		\$10,018.88*
*** BATCH	TOTALS ***		TOTAL NUMBER OF CHECKS: 12	TOTAL AMOUNT OF CHECKS:		\$10,018.88*
			TOTAL ACH GENERATED: 0	TOTAL AMOUNT OF ACH:		\$.00*
			TOTAL EFT GENERATED: 0	TOTAL AMOUNT OF EFT:		\$.00*
			TOTAL PAYMENTS: 12	TOTAL AMOUNT:		\$10,018.88*
*** DISTRICT	TOTALS ***		TOTAL NUMBER OF CHECKS: 12	TOTAL AMOUNT OF CHECKS:		\$10,018.88*
			TOTAL ACH GENERATED: 0	TOTAL AMOUNT OF ACH:		\$.00*
			TOTAL EFT GENERATED: 0	TOTAL AMOUNT OF EFT:		\$.00*
			TOTAL PAYMENTS: 12	TOTAL AMOUNT:		\$10,018.88*

APY250 L.00.05

Marin County Office of Education
COMMERCIAL WARRANT REGISTER
FOR WARRANTS DATED 12/20/2017

01/27/18 PAGE 1

DISTRICT: 031 NICASIO SCHOOL DISTRICT
BATCH: 0015 GENERAL FUND 12/13/17
FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	FD	RESC	Y	OBJT	SO	GOAL	FUNC	LOC	ACT	GRP	ABA NUM	ACCOUNT NUM DESCRIPTION	AMOUNT
20183589	000922/	AMERIGAS													
		PO-180001	1.	01-0000-0-5505.00-0000-8200-000-000-000									3072022111		764.49
		WARRANT TOTAL													\$764.49
20183590	000568/	AT&T													
		PO-180003	1.	01-1400-0-5940.00-1110-1010-000-000-000									NOV/DEC 436951-18589544		780.13
		WARRANT TOTAL													\$780.13
20183591	001410/	JENNA D'ANNA													
		PO-180159	1.	01-9320-0-4300.00-1451-1010-000-000-000									ART SUPPLIES REIMB		80.99
		WARRANT TOTAL													\$80.99
20183592	000807/	JERRY & DON'S PUMP & WELL													
		PO-180016	1.	01-0000-0-5535.00-0000-8200-000-000-000									0125343-IN		1,011.02
		WARRANT TOTAL													\$1,011.02
20183593	001149/	MARIN COUNTY OFFICE OF ED													
		PV-180035		01-0000-0-9521.00-0000-0000-000-000-000									L ROGERS COBRA DEC		1,039.92
				01-0000-0-9526.00-0000-0000-000-000-000									KAISER		2,014.05
				01-0000-0-9529.00-0000-0000-000-000-000									VISION		67.95
		WARRANT TOTAL													\$3,121.92
20183594	000007/	OFFICE DEPOT													
		PO-180153	2.	01-0000-0-4300.00-0000-2700-000-000-000									985668609001		142.76
			1.	01-1100-0-4300.00-1110-1010-000-000-000									985668609001		102.27
		WARRANT TOTAL													\$245.03
20183595	000012/	P G & E													
		PO-180031	1.	01-0000-0-5510.00-0000-8200-000-000-000									85167653634 NOV/DEC PAY		698.30
			1.	01-0000-0-5510.00-0000-8200-000-000-000									85167653634 prior month		526.44
		WARRANT TOTAL													\$1,224.74
20183596	001204/	PROTECTION ONE ALARM MONITORIN													
		PO-180034	1.	01-0000-0-5620.00-0000-8300-000-000-000									INV 009716544		93.45
		WARRANT TOTAL													\$93.45

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Marin County Office of Education
COMMERCIAL WARRANT REGISTER
FOR WARRANTS DATED 12/20/2017

01/27/18 PAGE 2

DISTRICT: 031 NICASIO SCHOOL DISTRICT
BATCH: 0015 GENERAL FUND 12/13/17
FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	FD	RESC	Y	OBJT	SO	GOAL	FUNC	LOC	ACT	GRP	ABA NUM	ACCOUNT NUM	DESCRIPTION	AMOUNT
20183597	001424/	SHRED-IT USA														
		PO-180157	1.	01-0000-0-5960.00-0000-2700-000-000-000									8123557522			372.90
		WARRANT TOTAL														\$372.90
20183598	001425/	SWRCB ACCOUNTING OFFICE														
		PV-180036		01-0000-0-5535.00-0000-8200-000-000-000											WATER SYSTEM FEES	167.00
		WARRANT TOTAL														\$167.00
*** FUND	TOTALS ***															
		TOTAL NUMBER OF CHECKS:	10											TOTAL AMOUNT OF CHECKS:	\$7,861.67*	
		TOTAL ACH GENERATED:	0											TOTAL AMOUNT OF ACH:	\$.00*	
		TOTAL EFT GENERATED:	0											TOTAL AMOUNT OF EFT:	\$.00*	
		TOTAL PAYMENTS:	10											TOTAL AMOUNT:	\$7,861.67*	

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Marin County Office of Education
COMMERCIAL WARRANT REGISTER
FOR WARRANTS DATED 12/22/2017

01/28/18 PAGE 1

DISTRICT: 031 NICASIO SCHOOL DISTRICT
BATCH: 0016 MT CONTRACT PAYMENT
FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	FD	RESC	Y	OBJT	SO	GOAL	FUNC	LOC	ACT	GRP	ABA NUM	ACCOUNT NUM	DESCRIPTION	AMOUNT
20184024	001272/	RAUL SALDANA														
		PO-180038	1.	01-0000-0-5840.00-0000-8100-000-000-000											JULY THRU DEC PAYMENTS	2,400.00
															WARRANT TOTAL	\$2,400.00
*** FUND	TOTALS ***															
															TOTAL NUMBER OF CHECKS:	1
															TOTAL AMOUNT OF CHECKS:	\$2,400.00*
															TOTAL ACH GENERATED:	0
															TOTAL AMOUNT OF ACH:	\$.00*
															TOTAL EFT GENERATED:	0
															TOTAL AMOUNT OF EFT:	\$.00*
															TOTAL PAYMENTS:	1
															TOTAL AMOUNT:	\$2,400.00*
*** BATCH	TOTALS ***															
															TOTAL NUMBER OF CHECKS:	1
															TOTAL AMOUNT OF CHECKS:	\$2,400.00*
															TOTAL ACH GENERATED:	0
															TOTAL AMOUNT OF ACH:	\$.00*
															TOTAL EFT GENERATED:	0
															TOTAL AMOUNT OF EFT:	\$.00*
															TOTAL PAYMENTS:	1
															TOTAL AMOUNT:	\$2,400.00*
*** DISTRICT	TOTALS ***															
															TOTAL NUMBER OF CHECKS:	1
															TOTAL AMOUNT OF CHECKS:	\$2,400.00*
															TOTAL ACH GENERATED:	0
															TOTAL AMOUNT OF ACH:	\$.00*
															TOTAL EFT GENERATED:	0
															TOTAL AMOUNT OF EFT:	\$.00*
															TOTAL PAYMENTS:	1
															TOTAL AMOUNT:	\$2,400.00*

APY250 L.00.05

Marin County Office of Education
 COMMERCIAL WARRANT REGISTER
 FOR WARRANTS DATED 01/10/2018

01/28/18 PAGE 1

DISTRICT: 031 NICASIO SCHOOL DISTRICT
 BATCH: 0017 JAN 2018 GF
 FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	DEPOSIT TYPE FD RESC Y OBJT SO GOAL FUNC LOC ACT GRP	ABA NUM DESCRIPTION	ACCOUNT NUM	AMOUNT
20184847	001409/	EMERALD BEHAVIOR				
		PO-180015 1. 01-6500-0-5840.00-5752-1100-000-000-000		INV 2810 10/31 TO 11/19/17		2,291.25
		1. 01-6500-0-5840.00-5752-1100-000-000-000		INV 2809 10/17 TO 10/27		1,988.75
		WARRANT TOTAL				\$4,280.00
20184848	001323/	NORTH BAY TAXI				
		PO-180030 1. 01-6500-0-5840.00-5770-3600-000-707-000		NOV 2017		2,120.00
		WARRANT TOTAL				\$2,120.00
20184849	001362/	SERGIO SALDANA				
		PO-180039 1. 01-6500-0-5840.00-5770-3600-000-706-000		NOV 2017 19 DAYS		137.22
		1. 01-6500-0-5840.00-5770-3600-000-706-000		AUG 2017 8 DAYS		57.78
		1. 01-6500-0-5840.00-5770-3600-000-706-000		JUNE 2017 5 DAYS		36.11
		1. 01-6500-0-5840.00-5770-3600-000-706-000		OCT 2017 21 DAYS		151.67
		1. 01-6500-0-5840.00-5770-3600-000-706-000		SEPT 2017 19 DAYS		137.22
		WARRANT TOTAL				\$520.00
*** FUND	TOTALS ***					
		TOTAL NUMBER OF CHECKS:	3	TOTAL AMOUNT OF CHECKS:		\$6,920.00*
		TOTAL ACH GENERATED:	0	TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0	TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	3	TOTAL AMOUNT:		\$6,920.00*
*** BATCH	TOTALS ***					
		TOTAL NUMBER OF CHECKS:	3	TOTAL AMOUNT OF CHECKS:		\$6,920.00*
		TOTAL ACH GENERATED:	0	TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0	TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	3	TOTAL AMOUNT:		\$6,920.00*

APY250 L.00.05

Marin County Office of Education
COMMERCIAL WARRANT REGISTER
FOR WARRANTS DATED 01/10/2018

01/28/18 PAGE 2

DISTRICT: 031 NICASIO SCHOOL DISTRICT
BATCH: 0018 GF JAN 8, 2018
FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	DEPOSIT TYPE FD RESC Y OBJT SO GOAL FUNC LOC ACT GRP	ABA NUM DESCRIPTION	ACCOUNT NUM	AMOUNT
20184850	000922/	AMERIGAS				
		PO-180001 1. 01-0000-0-5505.00-0000-8200-000-000-000		3072970254		1,993.16
		WARRANT TOTAL				\$1,993.16
20184851	001419/	AYS ENGINEERING GROUP				
		PO-180004 1. 01-0000-0-5540.00-0000-8200-000-000-000		INV 5537 DATED 11/22/17		526.40
		WARRANT TOTAL				\$526.40
20184852	000807/	JERRY & DON'S PUMP & WELL				
		PO-180016 1. 01-0000-0-5535.00-0000-8200-000-000-000		0125764-IN		1,026.09
		WARRANT TOTAL				\$1,026.09
20184853	000012/	P G & E				
		PO-180031 1. 01-0000-0-5510.00-0000-8200-000-000-000		4964672870-6 11/10 TO 12/11/17		69.55
		WARRANT TOTAL				\$69.55
20184854	001204/	PROTECTION ONE ALARM MONITORIN				
		PO-180034 1. 01-0000-0-5620.00-0000-8300-000-000-000		120246200		93.45
		WARRANT TOTAL				\$93.45
20184855	000600/	SONOMA COUNTY OFFICE OF ED				
		PO-180040 1. 01-0000-0-5829.00-0000-7100-000-000-000		IN18-01547		1,063.00
		WARRANT TOTAL				\$1,063.00
*** FUND	TOTALS ***					
		TOTAL NUMBER OF CHECKS:	6	TOTAL AMOUNT OF CHECKS:		\$4,771.65*
		TOTAL ACH GENERATED:	0	TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0	TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	6	TOTAL AMOUNT:		\$4,771.65*
*** BATCH	TOTALS ***					
		TOTAL NUMBER OF CHECKS:	6	TOTAL AMOUNT OF CHECKS:		\$4,771.65*
		TOTAL ACH GENERATED:	0	TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0	TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	6	TOTAL AMOUNT:		\$4,771.65*
*** DISTRICT	TOTALS ***					
		TOTAL NUMBER OF CHECKS:	9	TOTAL AMOUNT OF CHECKS:		\$11,691.65*
		TOTAL ACH GENERATED:	0	TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0	TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	9	TOTAL AMOUNT:		\$11,691.65*

APY250 L.00.05

Marin County Office of Education
COMMERCIAL WARRANT REGISTER
FOR WARRANTS DATED 01/17/2018

01/27/18 PAGE 1

DISTRICT: 031 NICASIO SCHOOL DISTRICT
BATCH: 0019 GENERAL FUND 01/15/18
FUND : 01 GENERAL FUND

WARRANT	VENDOR/ADDR REQ#	NAME (REMIT) REFERENCE LN	FD	RESC	Y	OBJT	SO	GOAL	FUNC	LOC	ACT	GRP	ABA NUM	ACCOUNT NUM DESCRIPTION	AMOUNT
20185516	000568/	AT&T													
		PO-180003	1.	01-1400-0-5940.00-1110-1010-000-000-000									ACCT 436951-18589544 JAN 2018		385.37
													WARRANT TOTAL		\$385.37
20185517	000088/	DOWNING HEATING & A/C INC													
		PV-180037		01-0000-0-5610.00-0000-8100-000-000-000									INV S55632		190.00
													WARRANT TOTAL		\$190.00
20185518	001409/	EMERALD BEHAVIOR													
		PO-180015	1.	01-6500-0-5840.00-5752-1100-000-000-000									2838 11/13 TO 11/17/17		1,110.00
			1.	01-6500-0-5840.00-5752-1100-000-000-000									2864 11/27 TO 12/08/17		2,220.00
													WARRANT TOTAL		\$3,330.00
20185519	001358/	MARIN COUNTY ASSESSOR-RECORDER													
		PV-180038		01-0000-0-5300.00-0000-7100-000-000-000									DATA FILE 2017 TAXES		112.00
													WARRANT TOTAL		\$112.00
20185520	000007/	OFFICE DEPOT													
		PV-180039		01-0000-0-4300.00-0000-8200-000-000-000									967737694001		97.02
		PV-180040		01-1100-0-4300.00-1110-1010-000-000-000									INV 975988722001		42.11
													WARRANT TOTAL		\$139.13
20185521	001272/	RAUL SALDANA													
		PO-180037	1.	01-6500-0-5840.00-5770-3600-000-706-000									DEC 10 DAYS		400.00
			1.	01-6500-0-5840.00-5770-3600-000-706-000									AUGUST 8 DAYS		320.00
			1.	01-6500-0-5840.00-5770-3600-000-706-000									SEPT 19 DAYS		760.00
			1.	01-6500-0-5840.00-5770-3600-000-706-000									OCT 21 DAYS		840.00
			1.	01-6500-0-5840.00-5770-3600-000-706-000									NOVEMBER 17 DAYS		680.00
													WARRANT TOTAL		\$3,000.00
*** FUND	TOTALS ***														
		TOTAL NUMBER OF CHECKS:	6										TOTAL AMOUNT OF CHECKS:		\$7,156.50*
		TOTAL ACH GENERATED:	0										TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0										TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	6										TOTAL AMOUNT:		\$7,156.50*
*** BATCH	TOTALS ***														
		TOTAL NUMBER OF CHECKS:	6										TOTAL AMOUNT OF CHECKS:		\$7,156.50*
		TOTAL ACH GENERATED:	0										TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0										TOTAL AMOUNT OF EFT:		\$.00*
		TOTAL PAYMENTS:	6										TOTAL AMOUNT:		\$7,156.50*
*** DISTRICT	TOTALS ***														
		TOTAL NUMBER OF CHECKS:	6										TOTAL AMOUNT OF CHECKS:		\$7,156.50*
		TOTAL ACH GENERATED:	0										TOTAL AMOUNT OF ACH:		\$.00*
		TOTAL EFT GENERATED:	0										TOTAL AMOUNT OF EFT:		\$.00*

TOTAL PAYMENTS:

6

TOTAL AMOUNT:

\$7,156.50*



5555 Nicasio Valley Road, Nicasio, CA 94946
☎ 415.662.2184 / 📠 415.662.2250 / www.nicasioschool.org

Date: 1/31/2018
To: Nicasio Board of Trustees
From: Barbara Snekkevik
Subject: Principal's Report

Upcoming Events & Activities

- Screening of Not Alone, Mill Valley Community Center, January 31
- Field trip to Bolinas-Stinson School for screening of Angst, February 2
- "Olympics/Sports Day", Friday February 9
- Wild Care Nature Van visit (K-5), February 13
- Mid-Winter Recess, February 19-23
- SF MOMA representative in art classes, February 28
- English Language Proficiency Assessment (ELPAC) begins February 28 (Laurie Rubin)

Student Updates

- January Life Skill: Optimism
- Farmer's Market, January 22nd
- The Great Kindness Challenge, January 22-26
- K/1/2 Field Trip to the Dance Palace, January 30

Staff Updates

- Long-term substitute for 6/7/8 classroom, Kristy Snaith
- Next Generation Science Standards meeting at Bacich Elementary, Jan 10 (Damena & Ellian)
- 3 Dimensions of NGSS for K-8 teachers, 4 classes at MCOE (Damena & Ellian)
- History-Social Science Framework Professional Development, Jan 16 (Damena & Barbara)
- Community Café at Lagunitas School, January 23rd (Barbara)
- English Language Proficiency Assessment (ELPAC) training, January 25 (Barbara)
- The Human Resource Office training, January 31st (Barbara)

Site Updates

- Facilities Inspection Tool completed for SARC (Mikki & Barbara)
- School Accountability Report Card submitted to CDE
- Fixed school heater issues
- Pump for garden tank repaired
- Garden fence repaired (surrounding garden tank)

NICASIO SCHOOL DISTRICT BOARD OF TRUSTEES

MINUTES

~ ANNUAL MEETING ~

Thursday, December 7, 2017 5 PM

Nicasio School Library 5555 Nicasio Valley Road, Nicasio CA

1. Initial Matters

- a. **Call to Order** at 5:05m
- b. In attendance: **Trustees Madeleine Sloane, Michelle Rutledge**. Absent: **Jason Snell** *Also in attendance: Superintendent Nancy Neu, Principal Barbara Snekkevik, Chief Business Official Margie Bonardi and Office Manager Mikki McIntyre*

2. Open Session Agenda

- a. Patriotic Moment expressing hope for the future of our nation
- b. Approval and Adoption of Open Session Agenda
Action: **M/S: Rutledge/Sloane** to approve and adopt Open Session Agenda **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

3. Public Comment *There was no public comment*

4. Governance

- a. Annual Organization Meeting of the Board of Trustees in Accordance with Education Code #35143
 - i. **Election of Officers to the Board of Trustees** *Discussion:* Trustee Rutledge said she would like to have a year to prepare before possibly becoming the sole remaining trustee (of the current governing Board) by the end of 2018, and thus volunteered to step up as president. In the interest of public disclosure, she added that there is a chance her daughter will be leaving the school, but she is willing to remain on the Board regardless.
Action: **M/S: Rutledge/Sloane** to elect the following Board officers: Michelle Rutledge as President; Madeleine Sloane as Clerk; and Jason Snell as Trustee Representative to the Marin County School Board Association **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None
 - ii. **Establish Regular Board of Trustees Meeting Schedule**
Action: **M/S: Rutledge/Sloane** to re-affirm the existing 2017-18 schedule that was previously approved by the Board (meetings are held at 5pm on the first Thursday of each month - with a few exceptions as indicated on the schedule) , and to establish the 2018-19 schedule in June, 2018. **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None

5. Consent Agenda

- a. Approval of Minutes: November 2, 2017 Regular Meeting of Board of Trustees
- b. Ratify Warrants Paid: Nov. 13-22, 2017

Action: **M/S: Rutledge/Sloane** to approve Consent Agenda **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

6. Reports & Announcements

- a. **Foundation Update** *There was no report.*
- b. **Principal's Report** *Principal Snekkevik provided her report.*
- c. **Superintendent's Report** *Supt. Neu reported the following:*
- d. Supt. Neu said she attended the recent intruder drill on campus and that the staff did an outstanding job. She said the recent active shooter training at the Marin County Sheriff's office provided valuable insights and suggestions for additional precautions and actions which the District has added to its protocols.
- e. **Trustees' Report** Trustee Sloane reported that she received notice that the county is contributing \$6900 to the Nicasio Volunteer Fire Dept. towards the drawing of plans for the new emergency generator. On a related note, Supt. Neu noted that she has been in contact with Kirby Wilcox and Luke McCann about the generator, and they will all meet to conduct a site visit during the week of Dec. 12. She said the latest estimate is that the project will likely extend into next year, and that it will require approval by the Bay Area Air Quality Control Board.

7. Business Services

- a. **Approve 2017-18 First Interim Budget Report** *Discussion:* CBO Margie Bonardi presented her report to the Board. Among the budget revisions, she noted 1) a \$9718 reduction in projected property tax revenues; 2) an increase of \$21,600 in certificated salaries for a long-term substitute assignment; 3) an increase of \$8839 in special education costs; and 4) adjustments to actual salary contracts and projected cost changes to existing contracts. Margie said the District will be significantly impacted by salary increases and increases in STRS and PERS costs in the coming years. She added that the District could save on business services expenses by partnering with another district that could take on NSD as a special assignment. She also said the District is spending approximately \$224,000 for special education. Despite keeping an additional reserve for special education and other expenses, the District is deficit spending and tapping into its reserve, Margie noted. She advised that the Board schedule a workshop in the spring to examine the budget deficit issues. Supt. Neu concurred on the need for a spring workshop and said she can arrange to bring in a facilitator for the meeting.
Action: **M/S: Rutledge/Sloane** to approve First Interim Budget Report **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell
- b. **Approve Form J-13 A Request for Allowance of Attendance Because of Emergency Conditions**
Action: **M/S: Rutledge/Sloane** to approve Form J-13 A Request for Allowance of Attendance Because of Emergency Conditions **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

- c. **Approve 2017-18 Master Contract with Emerald Behavior and Education Specialists, LLC for Student Behavioral Services**
Action: M/S: Rutledge/Sloane to approve 2017-18 Master Contract with Emerald Behavior and Education Specialists, LLC for Student Behavioral Services **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

8. **Personnel**

- a. **Approve Increase of Daily and Long-Term Substitute Teacher Rate** *Discussion:* Supt. Neu explained that the NSD's long-term substitute teacher rate is the lowest of all districts in the county, which contributes to the already difficult task of attracting subs from other parts of the county to the District's remote West Marin location. She referenced the District's ongoing need for a long-term sub due to the extended absence of a teacher who is currently out on sick leave. Supt. Neu said if you look at what is in the best interests of the students, you want to get the best sub you can, and if you don't pay well, you won't attract the best. Principal Snekkevik concurred, adding that increasing the daily rate will raise the number of people who want to sub at Nicasio School.
Action: M/S: Rutledge/Sloane to approve Increase of Daily and Long-Term Substitute Teacher Rate to \$150 for short-term, and \$170 for the long-term day rate after 10 days **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

9. **Administrative/Organizational**

- a. **Approve Application Timeframe and Enrollment Capacities for Interdistrict Attendance (IDT) Requests into Nicasio School District for 2018-19** *Discussion:* Supt. Neu explained that every year the Board needs to re-affirm its classroom capacities, which are detailed in BP/AR 5117. Principal Snekkevik said she does not recommend changing those capacities for 2018-19. She suggested an IDT application window of Feb. 1 through April 16, 2018.
Action: M/S: Rutledge/Sloane to continue enrollment capacities for IDT requests into Nicasio School District in accordance with current policy, and to establish an application timeframe of February 1 through April 16, 2018 for IDT requests into the District for 2018-19. **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

1. **Conclusion**

- a. **Agenda Planning**
- Supt. Neu to recommend dates for Board budget workshop
 - January 31 meeting:
 1. *Water System Update*
 2. *Septic Tank Finding Update*
 3. *Generator Update*
 4. *Pro. 39 Thermostat replacement Updates*
 5. *Revision of Sufficiency of Instructional Materials Resolution to include addition of Spanish curriculum*
- b. **Adjournment**
Action: M/S: Rutledge/Sloane to adjourn meeting at 6:44pm **Vote: 2/0** Ayes: Rutledge, Sloane; Noes: None; Absent: Snell

Respectfully Submitted,

Mikki McIntyre

☐ Unadopted ☐ Adopted

Madeleine Sloane, Clerk

If you need assistance to access the Board meeting room or to otherwise participate at the meeting, please submit a written request to Nicasio School District Superintendent at P.O. Box 711, Nicasio, CA 94946 or office@nicasioschool.org. Notification at least 48 hours prior to the meeting will better enable the District to make reasonable accommodations in accordance with the Americans with Disabilities Act.

Valenzuela/CAHSEE Lawsuit Settlement
Quarterly Report on Williams Uniform Complaints Agenda Item # 4c
[Education Code § 35186(d)]

District: NICASIO SCHOOL DISTRICT

Person completing this form: MIKKI MCINTYRE Title: OFFICE MANAGER

Quarterly Report Submission Date:

☐ July 2017

☐ October 2017

☒ January 2018

☐ April 2018

Date for information to be reported publicly at governing board meeting January 31, 2018

Please check the box that applies:

- ☒ No complaints were filed with any school in the district during the quarter indicated above.
- ☐ Complaints were filed with schools in the district during the quarter indicated above. The following chart summarizes the nature and resolution of these complaints.

General Subject Area	Total # of Complaints	# Resolved	# Unresolved
Textbooks and Instructional Materials	0		
Teacher Vacancy or Misassignment	0		
Facilities Conditions	0		
CAHSEE Intensive Instruction and Services	0		
TOTALS	0		

NANCY NEU
Print Name of District Superintendent

Signature of District Superintendent

Date



5555 Nicasio Valley Road, Nicasio, CA 94946
☎ 415.662.2184 / 📠 415.662.2250 / www.nicasioschool.org

Notice of Public Hearing

Nicasio School District
will hold a
Public Hearing
regarding the
Sufficiency or Insufficiency of
Instructional Materials

Wednesday, January 31, 2018

5 PM

**Nicasio School Library
5555 Nicasio Valley Road
Nicasio, CA**

NICASIO SCHOOL DISTRICT
Nicasio, California

(Education Code Section 60119)

Resolution 2017-18 #2r

**REGARDING SUFFICIENCY OR INSUFFICIENCY OF
INSTRUCTIONAL MATERIALS**

Whereas, the governing board of Nicasio School District, in order to comply with the requirements of *Education Code* Section 60119 held a public hearing on Wednesday, January 31, 2018 at 5 PM, which is on or before the eighth week of school and which did not take place during or immediately following school hours, and;

Whereas, the governing board provided at least 10 days notice of the public hearing posted in at least three public places within the district that stated the time, place, and purpose of the hearing, and;

Whereas, the governing board encouraged participation by parents, teachers, members of the community, and bargaining unit leaders in the public hearing, and;

Whereas, information provided at the public hearing and to the governing board at the public meeting detailed the extent to which textbooks and instructional materials were provided to all students in the District, including English learners, in the district/county office of education, and;

Whereas, the definition of “sufficient textbooks or instructional materials” means that each pupil has a textbook or instructional materials, or both, to use in class and to take home, and;

Whereas, sufficient textbooks and instructional materials were provided to each student, including English learners, **which are aligned to the academic content standards and** consistent with the cycles and content of the curriculum frameworks in **the following subjects:**

- Mathematics

K-5 My Math - McGraw Hill, (c) 2014

6-8 California Mathematics (Course 1, 2, 3) Glencoe/McGraw-Hill (c) 2015

Adopted for implementation at the start of the 2014-15 school year. Approved by the State Department of Education for adoption in California Public Schools.
Aligned to Common Core standards.

Science

K-5 Full Option Science System (FOSS) for Elementary, Delta Education (c) 2007

6-8 Cambridge Physics Outlet (CPO) Science Program, Delta Education (c) 2007

Adopted for implementation at the start of the 2008-09 school year. On Sept. 4, 2013, the State Board of Education (SBE) adopted the *Next Generation Science Standards* for California Public Schools, Kindergarten-Grade 12. This list of SBE-approved K-8 science instructional materials for adoption is anticipated in 2017-18.

- History-Social Science

K-5 Scott Foresman (c) 2006

6-8 Teachers Curriculum Institute (TCI) - History Alive! (c) 2004

Adopted for implementation at the start of the 2004-05 school year. The District has opted not to adopt a later edition at this time. Textbooks in use are aligned to Content Standards for California Public Schools, which is still relevant. Available funds for textbook adoption are being applied toward Common Core materials in math and language arts to ensure alignment with new state standards in these two subject areas.

- Reading

K-5 Reading Wonders (Literature Anthology, Reading/Writing Workshop, Close Reading Companion), McGraw Hill – Reading Wonders (c) 2017

Approved for piloting materials at the start of the 2014-15 school year. Adopted for implementation at the start of the 2017-18 school year.

6-8 Literature-based Thematic Units Aligned to Common Core, District-Developed

Approved for implementation at the start of the 2006-07 school year with alignments to Content Standards for California Public Schools. Effective at the start of 2014-15, units are aligned to Common Core Standards.

- Writing

K-5 *Units of Study in Opinion, Information and Narrative Writing* by Lucy Calkins, Heinemann, (c) 2014

6-8 *Units of Study in Argument, Information, and Narrative Writing* by Lucy Calkins, Heinemann, (c) 2014

Approved for a pilot test for implementation at the start of the 2014-15 school year.

- Foreign Language

6-8 ¿Como te va? Middle School Spanish (CA) Levels A and B, Glencoe, (c) 2007

Therefore, it is resolved that for the 2017-18 school year, the Nicasio School District has provided each pupil with sufficient textbooks and instructional materials **aligned to the academic content standards and** consistent with the cycles and content of the curriculum frameworks.

Passed by the following vote:

Ayes:

Nays:

Date:

Signed by the Clerk of the Board: _____

NONPUBLIC,
NONSECTARIAN SCHOOL/
AGENCY SERVICES

MASTER CONTRACT

Dragonfly Therapeutics

2017-2018

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NONPUBLIC SCHOOL/AGENCY/RELATED SERVICES PROVIDER:

School/Agency Dragonfly Therapeutics

NONPUBLIC, NONSECTARIAN SCHOOL/AGENCY SERVICES MASTER CONTRACT

AUTHORIZATION FOR MASTER CONTRACT AND GENERAL PROVISIONS

1) MASTER CONTRACT

- a) This Master Contract is entered into this 1st day of July, between the LEA **Nicasio School District** (hereinafter referred to as "LEA") and School/Agency **Dragonfly Therapeutics** (hereinafter referred to as "CONTRACTOR") for the purpose of providing special education and/or related services to LEA students with exceptional needs under the authorization of California Education Code sections 56157, 56361 and 56365 et seq. and Title 5 of the California Code of Regulations section 3000 et seq., AB490 (Chapter 862, Statutes of 2003) and AB1858 (Chapter 914, Statutes of 2004). It is understood that this Master Contract does not commit LEA to pay for special education and/or related services provided to any LEA student, or CONTRACTOR to provide such special education and/or related services, unless and until an authorized LEA representative approves the provision of special education and/or related services by CONTRACTOR pursuant to an Individualized Education Program (hereinafter referred to as "IEP"), and/or Individual Family Service Plan (hereinafter referred to as IFSP)
- b) **SELPA Collaborative:** The LEA is a member of the Bay Area SELPA Collaborative. Nonpublic schools and nonpublic agencies that are geographically located in one of the participating SELPAs agree to participate in this collaborative process to establish a uniform contract for identified services and standards. The established system provides NPA/Ss with an opportunity to have input to the development of the process, contract issues, etc., and a simplified, standard process for rate negotiation with the participating SELPAs. Issues listed on the Rate Schedule portion of this Master Contract may be reviewed on an annual basis upon request of the CONTRACTOR using the established Bay Area SELPA Collaborative system. CONTRACTOR agrees that the rates set forth in this Master Contract will remain unchanged from July 1 through June 30 of the term of contract, with no changes in the services provided, unless changed in a duly executed amendment to this Master Contract signed by both parties. Increases in rates will be considered on an annual basis and remain unchanged for the term of the contract from July 1 through June 30, with no changes in level of service provided without written approval by both parties.
- c) NPA/Ss that are not geographically located in a participating SELPA should negotiate rates with their geographically corresponding SELPA(s). The LEA will contact the corresponding SELPA to verify established rates. Increases in rates will be considered on an annual basis and remain unchanged for the following year from July 1 through June 30, with no changes provided without written approval by both parties.
- d) Any CONTRACTOR not participating as a member of the Bay Area SELPA Collaborative shall individually negotiate rates following local SELPA and/or LEA procedures. Those CONTRACTORS shall notify the SELPA with whom they contract of any proposed rate changes effective July 1 by March 1 of the preceding year.
- e) The Bay Area SELPA Collaborative Chair shall maintain, annually update and disseminate to all LEAs, NPS/As who are members of the Collaborative, a master rate schedule reflecting such NPS/A rates.

- f) Upon CONTRACTOR's acceptance of a student referred by the LEA, the LEA shall complete an Individual Services Agreement (hereinafter referred to as "ISA") as specified in the LEA Procedures which shall identify the provider of each service required by the student's IEP/IFSP). For purposes of enrollment, the LEA must provide approval before any authorization for payment can be made. Such authorization may be provided electronically, by telecommunications, by mail or by fax. Unless otherwise agreed in writing, or in the student's ISA, CONTRACTOR acknowledges its obligation to provide all services specified in the pupil's IEP/IFSP. The LEA acknowledges its responsibility to pay for all services rendered to LEA students by CONTRACTOR. The ISA shall be executed within ninety (90) days of an LEA student's enrollment. (Education Code Section 56366(c)(1)) LEA and CONTRACTOR shall enter into an ISA for each LEA student served by CONTRACTOR. CONTRACTOR shall notify the LEA in writing in advance of providing any service(s) when CONTRACTOR is unable to meet the requirements of this Master Contract or of any Individual Services Agreement.
- g) Unless placement is made pursuant to an Office of Administrative Hearings (hereinafter referred to as "OAH") order, a lawfully executed agreement between LEA and parent or authorized by LEA for a transfer student pursuant to California Education Code section 56325, LEA is not responsible for the costs associated with nonpublic school placement until the date on which an IEP team meeting is convened, the IEP team determines that a nonpublic school placement is appropriate, and the IEP is signed by the student's parent.

2) DEFINITIONS

The following definitions shall apply for purposes of this contract:

- a) The term "CONTRACTOR" means a nonpublic, nonsectarian school/agency certified by the California Department of Education and its officers, agents and employees.
- b) The term "authorized LEA representative" means a LEA administrator designated to be responsible for nonpublic school/agencies. It is understood, a representative of the Special Education Plan Local Area (SELPA) of which the LEA is a member is an authorized LEA representative in collaboration with the LEA. The LEA maintains sole responsibility for the contract, unless otherwise specified in the contract.
- c) The term "credential" means a valid credential, life diploma, permit, a county office of education Temporary County Certificate or document in special education or pupil personnel services issued by, or under the jurisdiction of, the State Board of Education if issued prior to 1970 or the California Commission on Teacher Credentialing, which entitles the holder thereof to perform services for which certification qualifications are required as defined in Title 5 of the California Code of Regulations section 3001(j).
- d) The term "qualified" means that a person holds a certificate, permit or other document equivalent to that which staff in a public school are required to hold to provide special education and designated instruction and services and has met federal and state certification, licensing, registration, or other comparable requirements which apply to the area in which he or she is providing special education or related services, including those requirements set forth in Title 34 of the Code of Federal Regulations sections 200.56 and 200.58, and those requirements set forth in Title 5 of the California Code of Regulations Sections 3064 and 3065, and adheres to the standards of professional practice established in federal and state law or regulation, including the standards contained in the California Business and Professions Code.
 - i. Nothing in this definition shall be construed as restricting the activities in services of a graduate needing direct hours leading to licensure, or of a student teacher or intern leading to a graduate degree at an accredited or approved college or university, as authorized by state laws or regulations.
- e) The term "license" means a valid non-expired document issued by a licensing agency within the Department of Consumer Affairs or other state licensing office authorized to grant licenses and authorizing the bearer of the document to provide certain professional services, including but not limited to mental health and board and care services at a residential placement, or refer to themselves using a specified professional title. If a license is not available through an appropriate state licensing agency, a certificate of registration with the appropriate professional organization at the national or state level which has standards established for the certificate that are equivalent to a license shall be deemed to be a license as defined in Title 5 of the California Code of Regulations section 3001(r).

- f) Parent means a biological or adoptive parent, unless the biological or adoptive parent does not have legal authority to make educational decisions for the child, a guardian generally authorized to act as the child's parent or authorized to make educational decisions for the child, an individual acting in the place of a biological or adoptive parent, including a grandparent, stepparent, or other relative with whom the child lives, or an individual who is legally responsible for the child's welfare, a surrogate parent, a foster parent if the authority of the biological or adoptive parent to make educational decisions on the child's behalf has been specifically limited by court order in accordance with Code of Federal Regulations 300.30(b)(1) or (2). Parent does not include the state or any political subdivision of government or the nonpublic school or agency under contract with the LEA for the provision of special education or designated instruction and services for a child. (California Education Code section 56028).
- g) The term "days" means calendar days unless otherwise specified.
- h) The phrase "billable day" means a school day in which instructional minutes meet or exceed those in comparable LEA programs.
 - i. The phrase "billable day of attendance" means a school day as defined in California Education Code Section 46307, in which a student is in attendance and in which instructional minutes meet or exceed those in comparable LEA programs unless otherwise stipulated in an IEP or ISA.
- i) It is understood that the term "Master Contract" also means "Agreement" and is referred to as such in this document.

3) TERM OF MASTER CONTRACT

The term of this Master Contract shall be from July 1, 2017 to June 30, 2018 (Title 5 California Code of Regulations section 3062(a)). Neither the CONTRACTOR nor the LEA is required to renew this Master Contract in subsequent contract years. However, the parties acknowledge that any subsequent Master Contract is to be re-negotiated prior to June 30, 2018. If the subsequent Master Contract has not been executed prior to June 30, 2018, this Contract shall remain in force and effect until terminated as provided herein or a new Master Contract is executed.

4) CERTIFICATION AND LICENSES

CONTRACTOR shall be certified by the California Department of Education (hereinafter referred to as "CDE") as a nonpublic, nonsectarian school/agency. All nonpublic school and nonpublic agency services shall be provided consistent with the area of certification specified by CDE Certification and as defined in California Education Code, section 56366 *et seq* and within the professional scope of practice of each provider's license, certification and/or credential. A current copy of CONTRACTOR's nonpublic school/agency certification or a waiver of such certification issued by the CDE pursuant to Education Code section 56366.2 must be provided to LEA on or before the date this contract is executed by CONTRACTOR. This Master Contract shall be null and void if such certification or waiver is expired, revoked, rescinded, or otherwise nullified during the effective period of this Master Contract. Total student enrollment shall be limited to capacity as stated on CDE certification.

In addition to meeting the certification requirements of the State of California, CONTRACTOR that operates a non-public school or agency outside of this State shall be certified or licensed by that state to provide, respectively, special education and related services and designated instruction and related services to pupils under the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 *et seq.*).

- a) If CONTRACTOR is a licensed children's institution (hereinafter referred to as "LCI"), CONTRACTOR shall be licensed by the state, or other public agency having delegated authority by contract with the state to license, to provide nonmedical care to children, including, but not limited to, individuals with exceptional needs. The LCI must also comply with all licensing requirements relevant to the protection of the child, and have a special permit, if necessary, to meet the needs of each child so placed. If the CONTRACTOR operates a program outside of this State, CONTRACTOR must obtain all required licenses from the appropriate licensing agency in both California and in the state where the LCI is located.

- b) Current copy of CONTRACTOR's licenses and nonpublic school/agency certifications, or a validly issued waiver of any such certification must be provided to LEA on or before the date this Master Contract is executed by CONTRACTOR. CONTRACTOR must immediately (and under no circumstances longer than three (3) calendar days) notify LEA if any such licenses, certifications or waivers are expired, suspended, revoked, rescinded, challenged pursuant to an administrative or legal complaint or lawsuit, or otherwise nullified during the effective period of this Master Contract. If any such licenses, certifications or waivers are expired, suspended, revoked, rescinded, or otherwise nullified during the effective period of this Master Contract, this Master Contract shall be null and void.
- c) Notwithstanding the foregoing, if current (re)certification documents are not available through no fault of the NPS/A, this Master Contract shall remain in effect until such documents are made available to the NPS/A, which shall in turn submit copies of same to the LEA within five (5) business days of receipt by the NPS/A. The NPS/A shall, within five (5) business days of any change in the status of its approved capacity to serve a specific number of students notify the LEA of the change.

5) COMPLIANCE WITH LAWS, STATUTES, REGULATIONS

- a) During the term of this Master Contract the CONTRACTOR and the LEA shall comply with all applicable federal and state laws and regulations relating to the provision of special education and related services, and facilities for individuals with exceptional needs.
- b) CONTRACTOR shall also comply with all policies pursuant to the Local Plan, unless, taking into consideration all of the surrounding facts and circumstances, a policy or policies or a portion of a policy does not reasonably apply to CONTRACTOR.
- c) CONTRACTOR hereby acknowledges and agrees that it accepts all risks and responsibilities for its failure to comply with LEA policies and shall indemnify LEA under the provisions of section 16 of this Master Contract for all liability, loss, damage and expense (including reasonable attorneys' fees) resulting from or arising out of CONTRACTOR's failure to comply with LEA policies.
- d) The CONTRACTOR shall comply with those policies, relating to among other things, the provision of special education and/or related services, facilities for individuals with exceptional needs, LEA pupil enrollment and transfer, LEA student inactive status, corporal punishment, student discipline, and positive behavior interventions.

6) RIGHT TO REPORT MASTER CONTRACT VIOLATIONS

CONTRACTOR and LEA acknowledge and understands that either party may report to the CDE any violations of the provisions of this Master Contract; and that this may result in the suspension and/or revocation of CDE nonpublic school/agency certification pursuant to California Education Code section 56366.4(a) or action by the CDE against the LEA.

7) INTEGRATION/CONTINUANCE OF CONTRACT FOLLOWING EXPIRATION OR TERMINATION

- a) This Master Contract includes the LEA Procedures and each Individual Services Agreement and they are incorporated herein by this reference. Upon written request, LEA agrees to make all of its policies and procedures available to CONTRACTOR, either electronically or by hard copy. This Master Contract supersedes any prior or contemporaneous written or oral understanding or agreement with respect to the terms set forth in this Master Contract. This Master Contract may be amended only by written amendment executed by both parties. Notwithstanding the foregoing, the LEA may modify the LEA procedures from time to time without the consent of CONTRACTOR.
- b) CONTRACTOR shall provide the LEA with information as requested in writing to secure a Master Contract or a renewal.
- c) At a minimum, such information shall include copies of teacher credentials and clearance, insurance documentation and CDE certification. The LEA may require additional information as applicable. In the event that this Master Contract expires or terminates, CONTRACTOR shall continue to be bound to all of the terms and conditions of the most recent executed Master Contract between CONTRACTOR and LEA for so long as CONTRACTOR is servicing authorized students at the discretion of the LEA.

8) INDIVIDUAL SERVICES AGREEMENT

- a) This contract shall include an Individual Services Agreement (ISA) developed for each LEA student to whom CONTRACTOR is to provide special education and/or related services. An ISA shall only be issued for LEA student's enrolled with the approval of the LEA pursuant to Education Code section 56366 (a)(2)(A).
- b) ISAs are void upon termination or expiration of the Master Contract. In the event that this Master Contract expires or terminates, CONTRACTOR and the LEA shall continue to be bound to all of the terms and conditions of the most recent executed ISAs between CONTRACTOR and LEA for so long as CONTRACTOR is servicing authorized LEA students, until such time as a new Master Contract is executed.
- c) Any and all changes to a LEA student's educational placement/program provided under this Master Contract and/or an ISA shall be made solely on the basis of a revision to the LEA student's IEP/IFSP. At any time during the term of this Master Contract, a LEA student's parent, CONTRACTOR, or LEA may request a review of a LEA student's IEP/IFSP subject to all procedural safeguards required by law, including notice to and participation by the CONTRACTOR in the IEP Team meeting.
- d) Unless otherwise provided in this Master Contract, the CONTRACTOR shall provide all services specified in the IEP/IFSP unless the CONTRACTOR and the LEA agree otherwise in the ISA. (California Education Code sections 56366(a) (5) and 3062(e)). In the event the CONTRACTOR is unable to provide a specific service at any time during the term of the ISA, the CONTRACTOR shall notify the LEA in writing within five (5) business days of the last date a service was provided.
- e) If a parent or LEA contests the termination of an ISA by initiating a due process proceeding with the California Office of Administrative Hearings (hereinafter referred to as "OAH"), CONTRACTOR shall abide by the "stay-put" requirement of state and federal law unless the parent agrees otherwise or an interim alternative educational placement is deemed lawful and appropriate by LEA or OAH.
- f) Disagreements between LEA and CONTRACTOR concerning the formulation of an ISA or the Master Contract may be appealed to the local SELPA office prior to appeal to the State Superintendent of Public Instruction pursuant to the provisions of California Education Code section 56366 (C) (2).

ADMINISTRATION OF CONTRACT

9) NOTICES

- a) All notices provided for by this contract shall be in writing. Notices shall be faxed, emailed with verification of receipt, mailed by first class mail deposited with the United States Postal Service or delivered by hand and shall be effective as of the date of receipt by addressee. All notices mailed to LEA shall be addressed to both:

Name Barbara Snekkevik
LEA Nicasio School District
Address P.O. Box 711
City Nicasio State CA Zip 94946
Phone (415) 662-2184

Notices to CONTRACTOR shall be addressed as indicated on signature page.

10) MAINTENANCE OF RECORDS

- a) All records shall be maintained by CONTRACTOR as required by state and federal laws and regulations. Notwithstanding the foregoing sentence, CONTRACTOR shall maintain all records for at least five (5) years after the termination of this Master Contract. For purposes of this Master Contract, "records" shall include, but not be limited to: student records as defined by California Education Code section 49061(b); cost data records as set forth in Title 5 of the California Code of Regulations section 3061; registers and roll books of teachers and/or daily service providers; daily service logs and notes and other documents used to record the provision of related services including supervision; daily service logs and notes used to record the provision of services

provided through additional instructional assistants, NPA behavior intervention aides, and bus aides; absence verification records (parent/doctor notes, telephone logs, and related documents) if the CONTRACTOR is funded for excused absences, however, such records are not required if positive attendance is required; bus rosters; staff lists specifying credentials held and documents evidencing other staff qualifications, social security numbers, dates of hire, and dates of termination; records of employee training and certification, staff time sheets; non-paid staff and volunteer sign-in sheets; transportation and other related services subcontracts; school calendars; bell/class schedules when applicable; liability and worker's compensation insurance policies; state nonpublic school and/or agency certifications; by-laws of current board of directors/trustees, if incorporated; statement of income and expenses; general journals; cash receipts and disbursement books; general ledgers and supporting documents; documents evidencing financial expenditures; federal/state payroll quarterly reports; and bank statements and cancelled checks or facsimile thereof.

- b) CONTRACTOR shall maintain LEA electronic and physical student-records in a secure location to ensure confidentiality and prevent unauthorized access. CONTRACTOR shall maintain a current list of the names and positions of CONTRACTOR's employees who have access to confidential records. CONTRACTOR shall maintain an access log for each LEA student's record which lists all persons, agencies, or organizations requesting or receiving information from the record and the legitimate interests thereof (California Education Code Section 49064). Such log shall be maintained as required and include the name, title, agency/organization affiliation, and date/time of access for each individual requesting or receiving information from the LEA student's record. Such logs need to record access to the LEA student's records by: (a) the LEA student's parent; (b) an individual to whom written consent has been executed by the LEA student's parent; or (c) employees of LEA or CONTRACTOR having a legitimate educational interest in requesting or receiving information from the record (Education Code Section 49064). CONTRACTOR/LEA shall maintain copies of any written parental concerns granting access to student records. For purposes of this paragraph, "employees of LEA or CONTRACTOR" do not include subcontractors. CONTRACTOR shall grant parents access to student records, and comply with parents' requests for copies of student records, as required by state and federal laws and regulations. CONTRACTOR agrees, in the event of school or agency closure, to forward LEA student records to LEA within five (5) business days. These records shall include, but not be limited to, the LEA student's current transcripts, IEP/IFSPs, and reports. LEA and/or SELPA shall have access to and receive copies of any and all records upon request within five (5) business days.

11) SEVERABILITY CLAUSE

If any provision or portion of a provision of this Master Contract is held, in whole or in part, to be unenforceable for any reason, the remainder of that provision and of the entire Master Contract shall be severable and remain in effect.

12) SUCCESSORS IN INTEREST

This Master Contract binds CONTRACTOR's successors and assignees. Contractor shall notify the LEA within 30 days of any change of ownership or corporate control.

13) VENUE AND GOVERNING LAW

The laws of the State of California shall govern the terms and conditions of this Master Contract with venue in the County where the LEA is located.

14) MODIFICATIONS AND AMENDMENTS

This Master Contract may be modified or amended by the LEA to conform to administrative and statutory guidelines issued by any state, federal or local governmental agency. The LEA shall provide the CONTRACTOR thirty (30) days' notice of any such changes or modifications made to conform to administrative or statutory guidelines and a copy of the statute or regulation upon which the modification or changes are based.

15) TERMINATION OF MASTER CONTRACT AND/OR INDIVIDUAL SERVICES AGREEMENT

This Master Contract may be terminated with or without cause by either the CONTRACTOR or LEA. To terminate the Master Contract either party shall give twenty (20) calendar days prior written notice (California Education Code Section 56366(a)(4)). At the time of termination, CONTRACTOR shall provide to LEA any and all documents CONTRACTOR is required to maintain under this Master Contract. ISAs are void upon termination

of this Master Contract, as provided in Section 5 or 6. CONTRACTOR or LEA may terminate an ISA for cause. To terminate the ISA, either party shall give twenty (20) calendar days prior written notice (refer to Section 7).

In the event of the closure of a non-public school or agency, the LEA will be given as much notice as is reasonably possible.

16) INSURANCE

- a) CONTRACTOR shall procure and maintain for the duration of the Master Contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with performance under this Master Contract by CONTRACTOR, its agents, representatives, or employees.
- b) Prior to final approval of this Master Contract, CONTRACTOR shall deliver to the LEA a certificate of insurance for each required policy with insurers and additional insured policy endorsements for the comprehensive general liability insurance and comprehensive automobile liability insurance. If at any time said policies of insurance lapse or become canceled, this MASTER CONTRACT shall become void. The acceptance by LEA of the above-required insurance does not serve to limit the liability or responsibility of the insurer or CONTRACTOR.
- c) Insurance coverage shall be at least as broad as:
 - i. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
 - ii. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
 - iii. Workers' Compensation insurance as required by the state in which services are performed and Employer's Liability Insurance with limits of \$2,000,000/\$2,000,000/\$2,000,000.
- d) B. CONTRACTOR shall maintain limits of insurance no less than:

	Agencies with 1-5 providers	Agencies with 6+ providers and non-public school	Residential
General Liability			
Per occurrence	\$1,000,000	\$2,000,000	\$3,000,000
Fire damage	\$500,000	\$500,000	\$500,000
Medical expenses	\$5,000	5,000	5,000
Personal and adv. Injury	\$1,000,000	\$1,000,000	\$1,000,000
General aggregate	\$1,000,000	\$2,000,000	\$6,000,000
Business Auto Liability combined single limit	\$2,000,000	\$2,000,000	\$2,000,000
Professional Liability/Errors and Omissions coverage not to exclude sexual molestation and abuse coverage unless that coverage is afforded elsewhere in the commercial general liability insurance			
Per Occurrence	\$1,000,000	\$1,000,000	\$3,000,000
General Aggregate	\$3,000,000	\$3,000,000	\$6,000,000
Workers Compensation and Employers Liability	\$2,000,000	\$2,000,000	\$2,000,000

- e) For all insurance coverage procured by CONTRACTOR, the following terms apply:
 - i. Any deductibles or self-insured retentions above \$25,000 must be declared in writing to and approved by the LEA. At its option, LEA may require the CONTRACTOR, at the CONTRACTOR's sole cost, to: (a) cause its insurer to reduce to levels specified by the LEA or eliminate such deductibles or self-insured retentions as respects to the LEA, its officials and employees, or (b) procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

- ii. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:
 - (a) The LEA, its subsidiaries, officials and employees are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of CONTRACTOR; products and completed operations of the CONTRACTOR; premises owned, occupied or used by the CONTRACTOR; or automobiles owned, leased, hired or borrowed by the CONTRACTOR. The coverage shall contain no special limitations on the scope of protection afforded to the LEA, its subsidiaries, officials and employees.
 - (b) For any claims related to the services, the CONTRACTOR's insurance coverage shall be primary insurance as respects the LEA, its subsidiaries, officials and employees. Any insurance or self-insurance maintained by the LEA, its subsidiaries, officials and employees shall be excess of the CONTRACTOR's insurance and shall not contribute with it.
 - (c) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the LEA.
- f) Insurance is to be placed with insurers admitted by the State of California and with a current A.M. Best's rating of no less than A-: VII, unless otherwise acceptable to the LEA.
- g) The CONTRACTOR shall furnish the LEA with original or photocopies of endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All Certificates of Insurance shall reference the contract number, the name of school or agency submitting the contract number, the name of school or agency submitting the certificate, an indication if the school or agency is an NPS or NPA, and the location of the school or agency submitting the certificate.
- h) If LEA or CONTRACTOR determines that change in insurance coverage obligations under this section is necessary, either party may reopen negotiations to modify the insurance obligations.

17) INDEMNIFICATION AND HOLD HARMLESS

CONTRACTOR shall indemnify and hold LEA and its Board Members, administrators, employees, agents, attorneys, volunteers, and subcontractors ("LEA Indemnities") harmless against all liability, loss, damage and expense (including reasonable attorneys' fees) resulting from or arising out of this Master Contract or its performance, to the extent that such loss, expense, damage or liability was caused by sole negligence or willful misconduct of CONTRACTOR, including, without limitation, its agents, employees, subcontractors or anyone employed directly or indirectly by it (excluding LEA and LEA Indemnities).

- a) LEA shall indemnify and hold CONTRACTOR and its Board Members, administrators, employees, agents, attorneys, and subcontractors ("CONTRACTOR Indemnities") harmless against all liability, loss, damage and expense (including reasonable attorneys' fees) resulting from or arising out of this Master Contract or its performance, to the extent that such loss, expense, damage or liability was proximately caused by the gross negligence or willful act of LEA, including, without limitation, its agents, employees, subcontracts or anyone employed directly or indirectly by it (excluding CONTRACTOR and/or any CONTRACTOR indemnities).
- b) LEA represents that it is self-insured in compliance with the laws of the state of California, that the self-insurance covers district employees acting within the course and scope of their respective duties and that its self-insurance covers LEA's indemnification obligations under this Master Contract.

18) INDEPENDENT CONTRACTOR

This Master Contract is by and between two independent entities that have an independent contractual relationship. CONTRACTOR shall provide all services under this Agreement as an independent contractor, and neither party shall have the authority to bind or make any commitment on behalf of the other. Nothing contained in this Master Contract shall be deemed to create any association, partnership, joint venture or relationship of principal and agent, master and servant, or employer and employee between the LEA and CONTRACTOR and any of their employees, agents, affiliates or other representatives, or between the LEA and any individual assigned by CONTRACTOR to perform any services for the LEA.

19) SUBCONTRACTING

- a) CONTRACTOR shall provide written notification to LEA before subcontracting for special education and/or related services pursuant to this Master Contract. CONTRACTOR shall enter into an initial subcontract only with a provider who is certified as a nonpublic school or nonpublic agency to delivery any of the instructional or related services contemplated under this Master Contract. The LEA and the CONTRACTOR shall maintain a copy of the written approval. CONTRACTOR shall provide all required clearances for its employees, including, but not limited to fingerprint requirements, and tuberculosis. When subcontracting with a nonpublic agency, CONTRACTOR shall not charge LEA a higher rate than its own approved collaborative rate.
- b) Furthermore, when CONTRACTOR enters into subcontracts for the provision of special education and/or related services (including without limitation transportation) for any student, CONTRACTOR shall cause each subcontractor to procure and maintain insurance during the term of each subcontract. Such subcontractor's insurance shall comply with the provisions of Section 16. Each subcontractor shall furnish the LEA with original endorsements and certificates of insurance effecting coverage required by Section 16. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be on the forms provided by the LEA. All endorsements are to be received and approved by the LEA before the subcontractor's work commences. As an alternative to the LEA's forms, a subcontractor's insurer may provide complete, certified copies of all required insurance policies, including endorsements affective the coverage required by this Master Contract. All subcontractors must meet the requirements as contained in Section 46 Fingerprint Clearance Requirements and Section 47 Staff Qualifications of this Master Contract.

20) CONFLICTS OF INTEREST

- a) CONTRACTOR and any member of its Board of Directors (or Trustees) shall avoid any relationship with LEA that constitutes or may constitute a conflict of interest pursuant to California Education Code Section 56042 and including, but not limited to, employment with LEA, provision of private party assessments and/or reports, and attendance at IEP/IFSP team meetings acting as a student's advocate.
- b) Unless CONTRACTOR and LEA otherwise agree in writing, LEA shall neither execute an ISA with CONTRACTOR nor amend an existing ISA for a LEA student when a recommendation for special education and/or related services is based in whole or in part on assessment(s) or reports provided by CONTRACTOR to the LEA student without prior written authorization by LEA. This paragraph shall apply to CONTRACTOR regardless of when an assessment is performed or a report is prepared (i.e., before or after the LEA student is enrolled in CONTRACTOR's school/agency) or whether an assessment of the LEA student is performed or a report is prepared in the normal course of the services provided to the LEA student by CONTRACTOR.

21) NON-DISCRIMINATION

CONTRACTOR shall not unlawfully discriminate on the basis of actual or perceived race, color, national origin, ancestry, religion, age, marital status, pregnancy, physical or mental disability, medical condition, veteran status, gender, sex or sexual orientation, in employment or operation of its programs.

EDUCATIONAL PROGRAM

22) FREE AND APPROPRIATE PUBLIC EDUCATION (FAPE)

- a) LEA shall provide CONTRACTOR with a copy of the IEP/IFSP including the Individualized Transition Plan (hereinafter referred to as "ITP") of each LEA student served by CONTRACTOR. Unless otherwise agreed to by the CONTRACTOR and the LEA, CONTRACTOR shall provide to each LEA student special education and/or related services (including transition services) within the nonpublic school or nonpublic agency consistent with the LEA student's IEP/IFSP and as specified in the ISA. If CONTRACTOR is a NPS, CONTRACTOR shall not accept an LEA student if it cannot provide or ensure the provision of the services outlined in the student's IEP/IFSP (California Education Code Section 56366.10(a)).
- b) Unless otherwise agreed to between CONTRACTOR and LEA, CONTRACTOR shall be responsible for the provision of all appropriate supplies, equipment, or facilities for LEA pupils, as specified in the LEA student's IEP/IFSP and ISA. Supplies and equipment purchased and/or provided by the LEA remains the property of the LEA. Supplies and/or equipment provided by the CONTRACTOR remains the property of the

CONTRACTOR, if CONTRACTOR is not specifically reimbursed by the LEA for that specific supply or equipment. CONTRACTOR shall make no charge of any kind to parents for special education and/or related services as specified in the LEA pupil's IEP/IFSP and ISA (including, but not limited to, screenings, assessments, or interviews that occur prior to or as a condition of the LEA pupil's enrollment under the terms of this Master Contract).

- c) Voluntary services and/or activities not necessary for the LEA student to receive a free appropriate public education shall not interfere with the LEA pupil's receipt of special education and/or related services as specified in the LEA student's IEP/IFSP and ISA.

23) GENERAL PROGRAM OF INSTRUCTION

a) General Program

- i. All nonpublic school and nonpublic agency services shall be provided consistent with the area of certification specified by CDE Certification and as defined in California Education Code section 56366 et seq. No service will be provided by the CONTRACTOR outside of the CONTRACTOR's certification unless otherwise agreed to by the LEA.
- ii. When CONTRACTOR is a nonpublic school, CONTRACTOR's general program of instruction shall:
 - (a) be consistent with LEA's standards regarding required courses of study and curriculum;
 - (b) include curriculum that addresses mathematics, literacy and the use of educational, assistive technology and transition services;
 - (c) be consistent with CDE's standards regarding the particular course of study and curriculum;
 - (d) provide the services as specified in the LEA student's IEP/IFSP and ISA. The State Standards and coursework selected for each student shall be aligned with the student's IEP/IFSP to meet the individual student's needs.
- iii. LEA students shall have access to the following educational materials, services, and programs that are consistent with each student's individualized educational program:
 - (a) For kindergarten and grades 1-8 inclusive, state adopted Common Core State Standards ("CCSS") for curriculum and instructional materials; and for grades 9-12 inclusive, standards-aligned, core curriculum and instructional materials used by any local educational agency that contracts with the non-public, non-sectarian school;
 - (b) college preparation courses;
 - (c) extracurricular activities, such as art, sports, music and academic clubs;
 - (d) career preparation and vocational training, consistent with transition plans pursuant to state and federal law and;
 - (e) supplemental assistance, including individual academic tutoring, psychological counseling, and career and college counseling (California Education Code 56366.10).CONTRACTOR's general program of instruction shall be described in writing and a copy provided to LEA within 5 days upon request.
- iv. When NPS CONTRACTOR serves LEA students in grades nine through twelve inclusive, LEA shall provide to CONTRACTOR a specific list of the course requirements to be satisfied by LEA students leading toward graduation or completion of diploma requirements. When CONTRACTOR is a nonpublic agency and/or related services provider, CONTRACTOR's general program of instruction and/or services shall be consistent with LEA and CDE guidelines and provided as specified in the LEA student's IEP/IFSP and ISA. The nonpublic agency providing Behavior Intervention Development services shall review or develop a written plan that specifies the nature of its' nonpublic agency service for each LEA pupil within thirty (30) days of enrollment which shall be available upon request. CONTRACTOR shall immediately notify LEA in writing if no parent, guardian or adult care giver is present at the IEP meeting held to review and approve the plan. CONTRACTOR shall provide to LEA a written description of the general program of instruction and/or services provided prior to the effective date of this Master Contract. Contractors providing Behavior Intervention services must have a Board Certified Behavior Analyst, or an appropriately trained professional.
- v. Except for emergency situations requiring a change of location in order to continue the education of LEA students, school-based services may not be unilaterally converted by CONTRACTOR to a substitute program or provided at a location not specifically authorized by the IEP/IFSP team. Except for services provided by a contractor that is a licensed children's institution, all services not provided in the school setting require the presence of, or the prior written consent of a parent, guardian or adult care giver during the delivery of services. LCI contractors shall ensure that appropriate and qualified residential or clinical staff is present during the provision of services under this Master Contract.

b) Transportation Services.

- i. In the event that transportation services for a student served by CONTRACTOR pursuant to an Individual Services Agreement are to be provided by a party other than CONTRACTOR or the LEA or its transportation providers, such services shall be reflected in a separate agreement signed by the parties hereto, and provided to the LEA and SELPA Director by the CONTRACTOR. Except as provided below, CONTRACTOR shall compensate the transportation provider directly for such services, and shall charge the LEA for such services at the actual and reasonable rates billed by the transportation provider, plus a ten percent (.10) administrative fee, unless a "flat rate" is provided in the transportation contract. In the event that the transportation provider notifies the LEA or SELPA Director that CONTRACTOR is more than 90 days behind in payment for transportation services, LEA shall have the right, in its sole and exclusive discretion, but not the obligation, to make payment for such services directly to the transportation provider, and to deduct such payments from any sums owed to CONTRACTOR pursuant to this Master Contract and any Individual Services Agreement between the parties. In the event that the LEA makes direct payment of the transportation provider's charges, it shall be entitled to withhold both the transportation charges themselves and such additional amount as shall be reasonably necessary to compensate the LEA for the staff and other costs incurred in making direct payment of those charges. The remedies provided to the LEA pursuant to this Paragraph shall not be exclusive. CONTRACTOR shall not include transportation through the use of services or equipment owned, leased or contracted through the LEA unless expressly provided in the Individual Services Agreement for the student transported.
- ii. When CONTRACTOR is a nonpublic agency, CONTRACTOR shall not provide transportation nor subcontract for transportation services for LEA student unless the LEA and the CONTRACTOR agree otherwise in writing.

24) INSTRUCTIONAL MINUTES

- a) When CONTRACTOR is a nonpublic school, the total number of instructional minutes per school day provided by CONTRACTOR shall be at least equivalent to the number of instructional minutes per school day provided to LEA students at like grade level, attending LEA schools, unless otherwise specified in the student's IEP/IFSP, and shall be specified in the LEA student's ISA developed in accordance with the LEA student's IEP/IFSP.
- b) For NPS students in grades pre-kindergarten through 12, unless otherwise specified in the LEA student's IEP/IFSP, the number of instructional minutes, excluding recess, lunch, and passing time, shall be at least the minimum as specified in Education Code Sections 46110-46147, and in no case will be less than the amount as specified in the IEP/IFSP. In addition, the total number of annual instructional minutes shall be at least equivalent to the total number of annual instructional minutes provided to LEA students attending LEA schools in like grade level unless otherwise specified in the LEA student's IEP/IFSP.
- c) When CONTRACTOR is a nonpublic agency and/or related services provider, the total number of minutes per school day provided by CONTRACTOR shall be specified in the LEA student's ISA developed in accordance with the LEA student's IEP/IFSP.

25) CLASS SIZE

- a) When CONTRACTOR is a nonpublic school, CONTRACTOR shall ensure that class size shall not exceed a ratio of one teacher per fourteen (14) pupils. Each classroom with 2 or more students shall be assigned at least one paraprofessional. Upon written approval by an authorized LEA representative, class size may be temporarily increased by a ratio of 1 teacher to sixteen (16) pupils when necessary to provide services to pupils with disabilities. For any billing period where the class size has exceeded sixteen (16) students for five consecutive school days, the CONTRACTOR shall have a 10% decrease in its approved daily rate for those LEA students that exceeded sixteen (16), for those days (over five).
- b) In the event a nonpublic school is unable to fill a vacant teaching position responsible for direct instruction to students, and the vacancy has direct impact on the California Department of Education Certification of that school, the nonpublic school shall develop a plan to assure appropriate coverage of student by first utilizing existing certificated staff. The nonpublic school and the LEA may agree to one 30 school day period per contract year where class size may be increased to assure coverage by an appropriately credentialed teacher. Such an agreement shall be in writing and signed by both parties. This provision does not apply to a nonpublic agency.

- c) CONTRACTOR providing special education instruction for individuals with exceptional needs between the ages of three and five years, inclusive, shall also comply with the appropriate instructional adult to child ratios pursuant to California Education Code sections 56440 et seq.

26) CALENDARS

- a) When CONTRACTOR is a Non-Public School, the CONTRACTOR shall submit to LEA a school calendar with the total number of billable days not to exceed 180 days for the regular school year, plus extended school year billable days as determined by the IEP/IFSP team ((34 CFR § Section 300.106); a minimum of 20 instructional days (excluding July 4th). Billable days shall include only those days that are included in the submitted and approved school calendar, and/or required by the IEP/IFSP for each student. CONTRACTOR shall adhere to the requirements for providing Extended School Year as outlined in Title 5, Article 4 of the California Code of Regulations. Unless otherwise specified by the students IEP/IFSP, educational services shall occur at the school site.
- b) When CONTRACTOR is a nonpublic agency, CONTRACTOR shall be provided with a LEA developed/approved calendar; CONTRACTOR herein agrees to observe holidays as specified in the LEA-developed/approved calendar. CONTRACTOR shall provide services pursuant to the LEA-developed/approved calendar, or as specified in the LEA pupil's IEP/IFSP and ISA. Unless otherwise specified in the LEA student's IEP/IFSP and ISA, CONTRACTOR shall provide related services to LEA pupils on only those days that the LEA pupil's school of attendance is in session and the LEA student attends school. CONTRACTOR shall bill only for services provided on billable days of attendance as indicated on the LEA calendar unless otherwise specified in the LEA student's IEP/IFSP and ISA.

27) DATA REPORTING

- a) CONTRACTOR shall agree to provide all data related to student information and billing information with LEA. CONTRACTOR shall agree to provide all data related to any and all sections of this contract and requested by and in the format require by the LEA. CONTRACTOR shall provide the LEA with invoices, attendance reports and progress reports for LEA students enrolled in CONTRACTOR's nonpublic school or nonpublic agency.
- b) The LEA shall provide the CONTRACTORS with approved forms and/or format for such data including but not limited to invoicing, attendance reports and progress reports. The LEA may approve use of CONTRACTORS-provided forms at their discretion.

28) LEAST RESTRICTIVE ENVIRONMENT/DUAL ENROLLMENT

- a) CONTRACTOR and LEA shall follow all LEA policies and procedures that support Least Restrictive Environment ("LRE") placement options and/or Dual Enrollment options for students to have access to the general curriculum and to be educated with their nondisabled peers to the maximum extent appropriate.
- b) CONTRACTOR and LEA shall ensure that LRE placement options are addressed at all IEP/IFSP team meetings regarding students for whom ISAs have been or may be executed. This shall include IEP/IFSP team consideration of supplementary aids and services, goals and objectives necessary for placement in the LRE and that may be necessary to enable students to transition to less restrictive settings. The District has the responsibility to determine the offer of FAPE in the Least Restrictive Environment.
- c) When an IEP/IFSP team has determined that an LEA student should be transitioned into the public school setting, CONTRACTOR shall assist the LEA in implementing the IEP/IFSP team's recommendations to support the transition.

29) STATEWIDE ACHIEVEMENT TESTING

- a) When CONTRACTOR is a nonpublic school, CONTRACTOR shall be available to administer all Statewide assessments within the California Assessment of Student Performance and Progress ("CAASPP"), Desired Results Developmental Profile ("DRDP"), achievement and abilities tests (using LEA-authorized assessment instruments), the Fitness Gram, and California English Language Development Test ("CELDT" or alternate CELDT), as appropriate to the student, and mandated by LEA pursuant to LEA and state and federal guidelines. In the event the LEA requests that the NPS administer the assessments, NPS staff will be trained by a contracting LEA in the administration of all State-wide assessments in accordance with the guidelines of Ed Code 56385. Verification of training will be maintained with CONTRACTOR.

- b) NPS CONTRACTOR is subject to the alternative accountability system developed pursuant to Education Code section 52052, in the same manner as public schools. Each LEA student placed with CONTRACTOR by the LEA shall be tested, as determined by the student's IEP, by qualified staff of CONTRACTOR in accordance with that accountability program. Contractor shall report the test results to the CDE as required by Education Code section 56366(a)(8)(A). Test results shall be made available to the CONTRACTOR by the LEA, if the results are not sent to the CONTRACTOR by the test publisher or CDE.
- c) LEA shall provide NPS with the SSID for each LEA student. LEA shall cooperate with CONTRACTOR to accommodate CONTRACTOR's testing window. (Education Code Section 56366(a)(8)(B))

30) ATTENDANCE AT DISTRICT MANDATED MEETINGS

CONTRACTOR shall attend District mandated meetings when legal mandates, and/or LEA policy and procedures are reviewed, including but not limited to the areas of: curriculum, high school graduation, standards-based instruction, cultural and linguistic needs of students with disabilities, dual enrollment responsibilities, LRE responsibilities, transition services, and standardized testing. LEA shall provide CONTRACTOR with reasonable notice of mandated meetings. Attendance at such meetings does not constitute a billable service hour(s). After attending one meeting during the school year (including Extended School Year), upon request, a CONTRACTOR who is providing NPA services may request payment for services for attending any additional meetings mandated by the LEA. The request for payment will be at the CONTRACTOR'S agreed upon hourly rate.

31) POSITIVE BEHAVIOR INTERVENTIONS

- a) CONTRACTOR shall comply with the requirements of Education Code section 56521.5 regarding positive behavior interventions. LEA students who exhibit serious behavioral challenges must receive timely and appropriate assessments and positive supports and interventions in accordance with the federal law and its implementing regulations. If the individualized education program ("IEP") team determines that a student's behavior impedes his or her learning or the learning of others, the IEP team is required to consider the use of positive behavioral interventions and supports, and other strategies, to address that behavior, consistent with Section 1414(d)(3)(B)(i) and (d)(4) of Title 20 of the United States Code and associated federal regulations. This could mean that instead of developing a BIP, the IEP team may conclude it is sufficient to address the student's behavioral problems through the development of behavioral goals and behavioral interventions to support those goals. NPS site based staff and relevant NPA staff will be trained in positive behavior strategies prior to working with students.
- b) CONTRACTOR shall maintain a written policy pursuant to California Education Code section 56521.1 regarding emergency interventions and Behavioral Emergency Reports (BER).
- c) CONTRACTOR providing behavior support shall ensure that all of its relevant staff members are trained annually in crisis intervention and emergency procedures as related to appropriate behavior management strategies. Other contracted agency personnel shall be trained as needed. This is not to be construed as in lieu of general positive behavior management training.
- d) Staff will not participate in restraint of students until trained in crisis prevention programs. Evidence of training in a SELPA approved crisis intervention program to staff working in a staffing ratio of 1:1 with students with severe behavioral needs shall be submitted to the LEA at the beginning of the school year and within thirty (30) days of any new hire as referenced above. If the training is not able to be provided within 30 days, the non-public school or agency will notify the LEA to determine a plan to provide the training in a timely manner.
- e) Pursuant to Education Code section 56521.1 emergency interventions shall not be used as a substitute for a Behavior Intervention Plan (BIP), and instead may only be used to control behavior that is unpredictable and spontaneous. For an emergency intervention to be used, the behavior must pose a clear and present danger of serious physical harm to the individual with exceptional needs, or others. Before emergency interventions may be applied, the behavior must be of the kind that cannot be immediately prevented by a response less restrictive than the temporary application of a technique used to contain the behavior. Emergency intervention shall not be employed longer than necessary to contain the behavior. If a situation requires prolonged use of emergency intervention, staff must seek assistance from the school site administrator or a law enforcement agency.

- f) CONTRACTOR shall complete a BER when an emergency occurs that is defined as a serious, dangerous behavior that staff has determined to present a clear and present danger to others. It requires a non-violent physical intervention to protect the safety of student, self, or others and a physical intervention has been used; or a physical intervention has not been used, but an injury or serious property damage has occurred. Personal Safety Techniques may or may not have been used. Emergencies **require** a BER form be completed and submitted to the LEA within twenty-four (24) hours for administrative action. CONTRACTOR shall notify Parent within twenty-four (24) hours via telephone. If the student does not have a Behavior Intervention Plan (“BIP”) or Positive Behavior Intervention Plan (“PBIP”), an IEP team shall schedule a meeting to review the BER, determine if there is a necessity for a functional behavioral assessment, and to determine an interim plan. If the student already has a BIP, the IEP team shall review and modify the BIP if a new serious behavior has been exhibited or existing behavioral interventions have proven to be ineffective. CONTRACTOR shall schedule with LEA an IEP meeting within two (2) days.
- g) Pursuant to Education Code section 56521.2, CONTRACTOR shall not authorize, order, consent to, or pay for the following interventions, or any other interventions similar to or like the following:
 - i. Any intervention that is designed to, or likely to, cause physical pain, including, but not limited to, electric-shock
 - ii. An intervention that involves the release of noxious, toxic, or otherwise unpleasant sprays, mists, or substances in proximity to the face of the individual.
 - iii. An intervention that denies adequate sleep, food, water, shelter, bedding, physical comfort, or access to bathroom facilities.
 - iv. An intervention that is designed to subject, used to subject, or likely to subject, the individual to verbal abuse, ridicule, or humiliation, or that can be expected to cause excessive emotional trauma.
 - v. Restrictive interventions that employ a device, material, or objects that simultaneously immobilize all four extremities, including the procedure known as prone containment, except that prone containment or similar techniques may be used by trained personnel as a limited emergency intervention.
 - vi. Locked seclusion, unless it is in a facility otherwise licensed or permitted by state law to use a locked room.
 - vii. An intervention that precludes adequate supervision of the individual.
 - viii. An intervention that deprives the individual of one or more of his or her senses.
- h) NPS/NPA staff shall not use prone restraint.
 - i. In the case of a child whose behavior impedes the child’s learning or that of others, the individualized education program team shall consider the use of positive behavioral interventions and supports, and other strategies, to address that behavior, consistent with Section 1414(d)(3)(B)(i) and (d)(4) of Title 20 of the United States Code and associated federal regulations.

32) STUDENT DISCIPLINE

- a) CONTRACTOR shall maintain and abide by a written policy for student discipline that is consistent with state and federal law and regulations.
- b) When NPS CONTRACTOR seeks to remove a LEA student from his/her current educational placement for disciplinary reasons, CONTRACTOR shall immediately submit a written discipline report to the LEA. Written discipline reports shall include, but not be limited to: the LEA student’s name; the time, date, and description of the misconduct; the disciplinary action taken by CONTRACTOR; and the rationale for such disciplinary action. A copy of the LEA student’s behavior plan, if any, shall be submitted with the written discipline report. CONTRACTOR and LEA agree to participate in a manifestation determination at an IEP/IFSP meeting no later than the tenth (10th) day of suspension. LEA shall notify and invite CONTRACTOR representatives to the IEP/IFSP team meeting where the manifestation determination will be made.

33) IEP/IFSP TEAM MEETINGS

- a) Upon referral of an LEA student to CONTRACTOR, the LEA shall provide CONTRACTOR with a copy of that student’s IEP/IFSP, as well as available assessment information, and facilitate, if requested, an observation of the student. CONTRACTOR retains the right to decline enrollment of any student, unless ordered by the Office of Administrative Hearing (OAH) or a Court of Competent Jurisdiction. CONTRACTOR shall notify the LEA written notification of its intent to decline enrollment of the LEA student.

- b) An IEP/IFSP team meeting shall be convened at least annually to evaluate: (1) the educational progress of each student placed with CONTRACTOR, including all state assessment results pursuant to the requirements of Education Code section 52052; (2) whether or not the needs of the LEA student continue to be best met at the nonpublic school; and (3) whether changes to the LEA student's IEP/IFSP are necessary, including whether the student may be transitioned to a public school setting. With parent and LEA concurrence, an IEP team may excuse a required IEP team member either from the entire meeting or after the member's report.
- c) Each LEA student shall be allowed to provide confidential input to any representative of his or her IEP/IFSP team. Except as otherwise provided in the Master Contract, CONTRACTOR and LEA shall participate in all IEP/IFSP team meetings regarding LEA students for whom ISAs have been or may be executed. A CONTRACTOR who is providing NPA services may request payment for services for attending any meeting that occurs after the Annual Review of the IEP/IFSP. At any time during the term of this Master Contract, the parent, the CONTRACTOR or the LEA may request a review of the student's IEP/IFSP, subject to all procedural safeguards required by law, including reasonable notice given to, and participation of, the CONTRACTOR in the meeting. Every effort shall be made to schedule IEP/IFSP team meetings at a time and place that is mutually convenient to parents, CONTRACTOR and LEA. CONTRACTOR shall provide to LEA assessments and written assessment reports by service providers upon request and/or pursuant to LEA policy and procedures.
- d) Changes in any LEA student's educational program, including instruction, services, or instructional setting, provided under this Master Contract may only be made on the basis of revisions to the student's IEP/IFSP. In the event that the CONTRACTOR believes the student requires a change of placement, the CONTRACTOR may request a review of the student's IEP/IFSP for the purposes of consideration of a change in the student's placement. Student is entitled to remain in the last agreed upon and implemented placement unless parent agrees otherwise or an interim alternative educational placement is deemed lawful and appropriate by LEA or OAH.

34) SURROGATE PARENTS AND FOSTER YOUTH

CONTRACTOR shall comply with LEA surrogate parent assignments. A student in foster care shall be defined pursuant to California Education Code section 42238.01(b). The LEA shall annually notify the CONTRACTOR who the LEA has designated as the educational liaison for foster children. When a student in foster care is enrolled in a nonpublic school by the LEA any time after the completion of the student's second year of high school, the CONTRACTOR shall schedule the student in courses leading towards graduation based on the diploma requirements of the LEA unless provided notice otherwise in writing pursuant to Section 51225.1.

35) DUE PROCESS PROCEEDINGS

CONTRACTOR shall fully participate in special education due process proceedings including mediations and hearings, as requested by LEA. CONTRACTOR shall also fully participate in the investigation and provision of documentation related to any complaint filed with the State of California, the Office of Civil Rights, or any other state and/or federal governmental body or agency. Full participation shall include, but in no way be limited to, cooperating with LEA representatives to provide complete answers raised by any investigator and/or the immediate provision of any and all documentation that pertains to the operation of CONTRACTOR's program and/or the implementation of a particular student's IEP/Individual and Family Service Plan ("IFSP").

36) COMPLAINT PROCEDURES

CONTRACTOR shall maintain and adhere to its written procedures for responding to parent complaints. These procedures shall include annually notifying and providing parents of LEA students with appropriate information (including complaint forms) for the following: (1) Uniform Complaint Procedures pursuant to Title 5 of the California Code of Regulations section 4600 et seq.; (2) Nondiscrimination policy pursuant to Title 5 of the California Code of Regulations section 4960 (a); (3) Sexual Harassment Policy, California Education Code 231.5 (a) (b) (c); (4) Title IX Pupil Grievance Procedure, Title IX 106.8 (a) (d) and 106.9 (a); and (5) Notice of Privacy Practices in compliance with Health Insurance Portability and Accountability Act (HIPPA). CONTRACTOR shall include verification of these procedures to the LEA upon request.

37) LEA STUDENT PROGRESS REPORTS/REPORT CARDS AND ASSESSMENTS

- a) Unless LEA requests in writing that progress reports be provided on a monthly basis, progress reports shall be sent by CONTRACTOR to LEA and parents no later than October 30th, January 30th, April 30th, and July 30th or as otherwise specified on the IEP/IFSP or requested in writing by the LEA, with respect to LEA students enrolled in CONTRACTOR's educational program. An updated report shall be submitted if there is no current progress report when LEA student is scheduled for a review by the LEA's IEP/IFSP team or when an LEA student's enrollment is terminated. Payment of invoices may be held until progress reports are provided. A copy of the progress reports/report cards shall be maintained at the CONTRACTOR's place of business and made available upon request of LEA and/or the LEA student's parent(s).
- b) CONTRACTOR shall complete academic or other assessment of the LEA student one month prior to the LEA student's annual or triennial review IEP/IFSP team meeting for the purpose of reporting the LEA student's present levels of performance at the IEP/IFSP team meeting as required by state and federal laws and regulations and pursuant to LEA policies, procedures, and/or practices. Supporting documentation, such as test protocols and data collection, shall be made available to LEA upon request. CONTRACTOR shall not charge the LEA student's parent(s) or LEA for the provision of progress reports, report cards, and/or any assessments, interviews, or meetings. Additional formalized standardized assessments shall be at the determination of the IEP team and the responsibility of the LEA unless otherwise agreed upon between LEA and CONTRACTOR. If Contractor is asked to provide formalized standardized assessment, such service will be paid at the rate stated in Section 62.

38) TRANSCRIPTS

When CONTRACTOR is a nonpublic school, CONTRACTOR, at the close of each semester or upon LEA student transfer, shall prepare transcripts for LEA students in grades nine through twelve inclusive, and submit them to the LEA student's district of residence, for evaluation of progress toward completion of diploma requirements, or if appropriate, a Certificate of Completion, as specified in LEA Procedures. CONTRACTOR shall submit to the LEA names of LEA students and their schools of residence for whom transcripts have been submitted as specified by the LEA.

39) LEA STUDENT CHANGE OF RESIDENCE

- a) Within three (3) school days after CONTRACTOR or LEA becomes aware of a LEA student's change of residence, CONTRACTOR shall notify LEA and/or the LEA shall notify CONTRACTOR of the LEA student's change of residence as specified in LEA Procedures. Upon enrollment, CONTRACTOR shall notify parents in writing of the parent's obligation to notify CONTRACTOR of the LEA student's change of residence. CONTRACTOR shall maintain, and provide upon request by LEA, documentation of such notice to parents.
- b) If the LEA student's change of residence is to a residence outside of LEA's service boundaries or CONTRACTOR fails to follow the procedures specified in this provision, LEA shall not be responsible for the costs of services delivered after the LEA student's change of residence, if CONTRACTOR had knowledge or should reasonably have had knowledge of the LEA student's change of residence. LEAs will adhere to requirements for students identified as homeless or foster youth under current education code.

40) WITHDRAWAL OF LEA STUDENT FROM PROGRAM

CONTRACTOR shall immediately report, by telephone, to the LEA when a LEA student is withdrawn from school and/or services. CONTRACTOR shall confirm such telephone call with written submission within three (3) days.

41) PARENT ACCESS

- a) CONTRACTOR shall provide for reasonable parental access to students and all facilities including, but not limited to, the instructional setting, recreational activity areas, meeting rooms and student living quarters. CONTRACTOR shall comply with any known court orders regarding parental visits and access to LEA students.
- b) CONTRACTOR operating programs associated with a NPS/RTC shall cooperate with a parent's reasonable request for LEA student therapeutic visits in their home or at the NPS/RTC. CONTRACTOR shall require that parents obtain prior written authorization for therapeutic visits from the CONTRACTOR and the LEA at least thirty (30) days in advance. CONTRACTOR shall facilitate all parent travel and accommodations and for providing travel information to the parent as appropriate. Payment by LEA for approved travel-related expenses shall be made directly through the LEA.

- c) CONTRACTOR providing services in the student's home as specified in the IEP shall assure that at least one parent of the child, or an adult caregiver with written and signed authorization to make decisions in an emergency, is present. The names of any adult caregiver other than the parent shall be provided to the LEA prior to the start of any home based services, including written and signed authorization in emergency situations. The parent shall inform the LEA of any changes of caregivers and provide written authorization for emergency situation. The adult caregiver cannot also be an employee or volunteer associated with the NPS/NPA service provider.
- d) For services provided in a student's home as specified in the IEP, CONTRACTOR must assure that the parent or LEA approved responsible adult is present during the provision of services. All problems and/or concerns reported to parents, both verbal and written, shall also be provided to the LEA.

42) SERVICES AND SUPERVISION ON PUBLIC SCHOOL CAMPUSES

- a) If CONTRACTOR provides services on LEA public school campuses, CONTRACTOR shall comply with Penal Code Section 627.1 et. seq., and LEA procedures regarding visitors to school campuses specified by LEA policy and in the LEA Procedures, and shall follow the procedures of the campus at which services are being provided.
- b) CONTRACTOR shall be responsible for purchase and provision of the supplies and assessment tools necessary to implement the provision of services on LEA public school campuses.

43) LICENSED CHILDREN'S INSTITUTION CONTRACTORS

- a) If CONTRACTOR is a licensed children's institution (hereinafter referred to as "LCI"), CONTRACTOR shall adhere to all legal requirements regarding educational placements for LCI students as stated in Education Code 56366 (a) (2) (C), 56366.9 (c) (1), Health and Safety Code section 1501.1(b), AB 1858 (2004), AB490 (Chapter 862, Statutes of 2003), AB 1261 (2005), AB 1166 Chapter 171 (2015), AB 167 Chapter 224 (2010), AB 2016 Chapter 324 (2013), AB 379 Chapter 772 (2015), AB 1012 Chapter 703 (2015), A LCI shall not require that a student be placed in its nonpublic school as a condition of being placed in its residential facility.
- b) If CONTRACTOR is a nonpublic, nonsectarian school that is owned, operated by, or associated with a LCI, CONTRACTOR shall provide to LEA, on a quarterly basis, a list of all LEA students, including those identified as eligible for special education. For those identified special education students, the list shall include: 1) special education eligibility at the time of enrollment, and 2) the educational placement and services specified in each student's IEP/IFSP at the time of enrollment.

44) STATE MEAL MANDATE

When CONTRACTOR is a nonpublic school, CONTRACTOR and LEA shall satisfy the State Meal Mandate under California Education Code sections 49530, 49530.5 and 49550.

45) MONITORING

- a) CONTRACTOR shall allow access by LEA to its facilities for periodic monitoring of each LEA student's instructional program and shall be invited to participate in the review of each student's progress. LEA shall have access to observe each LEA student at work, observe the instructional setting, interview CONTRACTOR, and review each LEA student's records and progress. Such access shall include unannounced monitoring visits. When making site visits, LEA shall initially report to CONTRACTOR's site administrative office.
- b) If CONTRACTOR is also a LCI, LEA shall annually evaluate whether CONTRACTOR is in compliance with Education Code section 56366.9 and Health and Safety Code section 1501.1(b).
- c) During the term of this Master Contract, CONTRACTOR shall participate in a District Review to be conducted as aligned with the CDE On-site Review or more often if necessary. This review will address programmatic aspects of the Nonpublic School/Agency, compliance with relevant state and federal regulations, and Master Contract compliance.
- d) CONTRACTOR shall participate in compliance reviews of LEA in accordance with requirements of CDE. CONTRACTOR will use all SELPA IEP forms. CONTRACTOR will adhere to all SELPA assurances and procedures required for compliance.

- e) CONTRACTOR understands that LEA reserves the right to institute a program audit with or without cause. The program audit may include, but is not limited to, a review of core compliance areas of health and safety; curriculum/instruction; related services; and contractual, legal, and procedural compliance.
- f) When CONTRACTOR is a nonpublic school, CONTRACTOR shall prepare a School Accountability Report Card in accordance with California Education Code Section 56366(a)(9) and 33126 and state guidelines.

PERSONNEL

46) FINGERPRINT CLEARANCE REQUIREMENTS

- a) CONTRACTOR shall comply with the requirements of California Education Code section 44237, 35021.1 and 35021.2 including, but not limited to: obtaining clearance from both the California Department of Justice (hereinafter referred to as "CDOJ") and clearance from the Federal Bureau of Investigation (hereinafter referred to as "FBI") for CONTRACTOR's employees and volunteers, unless CONTRACTOR determines that the volunteers will have no direct contact with LEA students, prior to service with any LEA student. CONTRACTOR hereby agrees that CONTRACTOR's employees and volunteers, unless CONTRACTOR determines that the volunteers will have no direct contact with LEA pupils, shall not come in contact with LEA students until CDOJ and FBI clearance are ascertained. CONTRACTOR shall certify in writing to LEA that none of its employees, and volunteers, unless CONTRACTOR determines that the volunteers will have no direct contact with LEA students, or contractors who may come into contact with LEA students have been convicted of a violent or serious felony as those terms are defined in California Education Code section 44237(h), unless despite the employee's conviction of a violent or serious felony, he or she has met the criteria to be eligible for employment pursuant to California Education Code section 44237(i) or (j). In addition, CONTRACTOR shall make a request for subsequent arrest service from the CDOJ as required by California Penal Code section 11105.2.
- b) According to Education Code sections 44237 and 56366.1 CONTRACTOR shall verify that it has received a successful criminal background check clearance and has enrolled in subsequent arrest notice service, as specified, **for each owner, operator, and employee of the nonpublic, nonsectarian school or agency who may have contact with students.** Further this bill deletes the exemption for applicants possessing a valid California state teaching credential or who are currently licensed by another state agency that requires a criminal record summary, from submitting 2 sets of fingerprints for the purpose of obtaining a criminal record summary from the Department of Justice and the Federal Bureau of Investigation. Notwithstanding the restrictions on sharing and destroying criminal background check information, CONTRACTOR, upon demand, shall make available to the State Superintendent evidence of a successful criminal background check clearance and enrollment in subsequent arrest notice service, as provided, for each owner, operator, and employee of the nonpublic, nonsectarian school or agency. CONTRACTOR is required to retain the evidence with their "Custodian of Records", as specified, for all staff, including those licensed or credentialed by another state agency. Background clearances and proof of subsequent arrest notification service as required by California Penal Code section 11105.2 for all staff shall be provided upon request to the State Superintendent.

47) STAFF QUALIFICATIONS

- a) CONTRACTOR shall ensure that all individuals employed, contracted, and/or otherwise hired by CONTRACTOR to provide classroom and/or individualized instruction or related services hold a license, certificate, permit, or other document equivalent to that which staff in a public school are required to hold in the service rendered consistent with Education Code section 56366.1(n)(1) and are qualified pursuant to Title 5 of the California Code of Regulations sections 3064 and 3065.
- b) Only those nonpublic, nonsectarian schools or agencies located outside of California that employ staff that hold a current valid credential or license to render special education and related services as required by that state shall be eligible to be certified. NPA/NPS staff shall be required to hold credentials and licenses within the state where they are providing services regardless of where the agency is located.

- c) CONTRACTOR shall comply with personnel standards and qualifications regarding instructional aides and teacher assistants respectively pursuant to Federal requirements and California Education Code sections 45340 et seq. and 45350 et seq. CONTRACTOR shall comply with all laws and regulations governing the licensed professions, including but not limited to, the provisions with respect to supervision.
- d) Notwithstanding the foregoing, if current license or credential documents are not available through no fault of the NPS/A, timely application having theretofore been made, this Master Contract shall remain in effect until such documents are made available to the NPS/A from the Consumer Affairs Department or the Commission on Teacher Credentialing. The NPS/A shall in turn submit copies of same to the LEA within five (5) business days of receipt by the NPS/A.

48) VERIFICATION OF LICENSES, CREDENTIALS AND OTHER DOCUMENTS

- a) CONTRACTOR shall submit to LEA a staff list, and copies of all current licenses, credentials, permits and/or other documents, which entitle the holder to provide special education and/or related services by individuals employed, contracted, and/or otherwise hired by CONTRACTOR. CONTRACTOR shall notify the CDE and the LEA in writing as specified in the LEA Procedures and CDE within forty-five (45) days when personnel changes occur which may affect the provision of special education and/or related services to LEA students as specified in the LEA Procedures. Notwithstanding the foregoing, if current license or credential documents are not available through no fault of the NPS/A, timely application having theretofore been made, this Master Contract shall remain in effect until such documents are made available to the NPS/A from the Consumer Affairs Department or the Commission on Teacher Credentialing. The NPS/A shall in turn submit copies of same to the LEA within five (5) business days of receipt by the NPS/A.
- b) CONTRACTOR shall monitor the status of licenses, credentials, permits and/or other documents for all individuals employed, contracted, and/or otherwise hired by CONTRACTOR to provide special education services to LEA students. CONTRACTOR shall provide to LEA updated information regarding the status of licenses, credentials, permits and/or other documents as specified in LEA Procedures. CONTRACTOR will be considered to be in breach of this contract for any service provided by an unqualified provider or one who has an expired credential. In such an event, the provider shall be paid at 70% of the agreed upon rate.

49) STAFF ABSENCE

- a) When CONTRACTOR is a nonpublic school and CONTRACTOR's classroom teacher is absent, CONTRACTOR shall provide an appropriately credentialed substitute teacher in the absent teacher's classroom in accordance with California Education Code section 56061. CONTRACTOR shall provide to LEA documentation of substitute coverage on LEA substitute teacher log. Substitute teachers shall remain with their assigned class during all instructional time. LEA shall not be responsible for payment for instruction and/or services when an appropriately credentialed substitute teacher is not provided. If a teacher is absent and a non-qualified substitute has been provided, CONTRACTOR will notify the LEA immediately. The LEA will determine how to address the denial of FAPE.
- b) When CONTRACTOR is a nonpublic agency and/or related services provider, and CONTRACTOR's service provider is absent, CONTRACTOR shall provide a qualified (as defined in section eight (8) of this Master Contract and as determined by LEA) substitute, unless LEA provides appropriate coverage in lieu of CONTRACTOR's service providers. LEA will not pay for services unless a qualified substitute is provided and/or CONTRACTOR provides a mutually agreed upon plan evidencing the provision of "make-up" services by a qualified service provider within thirty (30) calendar days from the date on which the services should have been provided. Provider shall notify LEA immediately of the development of the plan for any missed services that include: 5 or more consecutive days of specialized academic instruction (SAI) or more than 2 weeks of missed related services. CONTRACTOR shall not "bank" or "carry over" make up service hours under any circumstances, unless otherwise agreed to in writing by CONTRACTOR and LEA.

HEALTH AND SAFETY MANDATES

50) HEALTH AND SAFETY

- a) CONTRACTOR shall comply with all applicable federal, state, local, and LEA laws, regulations, ordinances, policies, and procedures regarding student and employee health and safety. CONTRACTOR shall comply with the requirements of California Education Code sections 35021 et. seq. regarding the examination of CONTRACTOR's employees and volunteers for tuberculosis. CONTRACTOR shall provide to LEA

documentation for each individual volunteering, employed, contracted, and/or otherwise hired by CONTRACTOR of such compliance before an individual comes in contact with an LEA student. CONTRACTOR will comply with the requirements of California Education Code section 35021 et seq., regarding preventing registered sex offenders from volunteering and to request fingerprinting clearance of volunteers.

- b) CONTRACTOR shall comply with OSHA Blood Borne Pathogens Standards, Title 29 Code of Federal Regulations (CFR) section 1910.1030, when providing medical treatment or assistance to a student. CONTRACTOR further agrees to provide annual training regarding universal health care precautions and to post required notices in areas designated in the California Health and Safety Code.

51) FACILITIES, FACILITIES MODIFICATIONS AND FIRE DRILLS

- a) Facilities : CONTRACTOR shall provide special education and/or related services to LEA pupils in facilities that comply with all applicable federal, state, and local laws, regulations, and ordinances related to, but not limited to: disability access; fire, health, sanitation, and building standards and safety; fire warning systems; zoning permits; and occupancy capacity. CONTRACTOR shall be responsible for any structural changes and/or modifications to CONTRACTOR's facilities as required complying with applicable federal, state, and local laws, regulations, and ordinances.
 - i. Fire Drills: When CONTRACTOR is a nonpublic school, CONTRACTOR shall conduct fire drills monthly for elementary and intermediate students and twice per school year for secondary students, as required by Title 5 California Code of Regulations, Section 550.

52) ADMINISTRATION OF MEDICATION

- a) CONTRACTOR shall comply with the requirements of Federal Regulations and California Education Code and the California Code of Regulations, when CONTRACTOR serves an LEA student that is required to take prescription and/or over-the-counter medication during the school day. CONTRACTOR may designate personnel to assist the LEA student with the administration of such medication after the LEA student's parent(s) provides to CONTRACTOR:
 - i. a written statement from a physician detailing the type, administration method, amount, and time schedules by which such medication shall be taken; and
 - ii. a written statement from the LEA student's parent(s) granting CONTRACTOR permission to administer medication(s) as specified in the physician's statement.
- b) CONTRACTOR shall maintain, and provide to LEA upon request, copies of such written statements. CONTRACTOR shall maintain a written log for each LEA student to whom medication is administered. Such written log shall specify the LEA student's name; the type of medication; the date, time, and amount of each administration; and the name of CONTRACTOR's employee who administered the medication.
- c) CONTRACTOR maintains full responsibility for assuring appropriate staff training in the administration of such medication consistent with physician's written orders or current student's Individual Health Care Plan. Any change in medication type, administration method, amount or schedule must be authorized by both a licensed physician and parent.

53) INCIDENT/ACCIDENT REPORTING

- a) CONTRACTOR shall notify the LEA within 12 hours of learning of any significant accident or incident. CONTRACTOR shall properly submit required accident or incident reports within one business day pursuant to the procedures specified in LEA Procedures.

54) MANDATED REPORTING REQUIREMENTS

- a) CONTRACTOR hereby agrees to annually train all staff members, so that they are familiar with and agree to adhere to its own child and dependent adult abuse reporting obligations and procedures as specified in California Penal Code section 11164 et seq. and California Education Code 44691. To protect the privacy rights of all parties involved (i.e., reporter, child and alleged abuser), reports will remain confidential as required by law and professional ethical mandates. A written notice acknowledging the legal requirements of such reporting and verification of staff adherence to such reporting shall be submitted to the LEA upon request.
- b) CONTRACTOR agrees to provide annual training to all employees regarding mandated child abuse reporting laws, and shall maintain documentation, signed by each staff member receiving such training.

CONTRACTOR agrees that its obligations to report incidents of abuse or neglect to the LEA are in addition to, and not in lieu of, CONTRACTOR's obligation to immediately report suspected abuse or neglect to the appropriate public authorities; a written report should be submitted within 36 hours (PC 11166(a)). CONTRACTOR shall maintain confidential records of any report of suspected child abuse and shall inform the LEA by facsimile or email within 24 hours (and followed up with U.S. mail) of becoming aware of circumstances including, but not limited to allegations of abuse involving a staff member.

- c) CONTRACTOR shall notify the LEA of general concerns regarding the health and safety of a student that may impact the student's educational program, including the need for mental health services, injuries requiring medical attention or injuries resulting from physical restraint.

55) SEXUAL HARASSMENT

- a) CONTRACTOR shall maintain, and provide upon request, a Sexual and Gender Identity harassment policy that clearly describes the kinds of conduct that constitutes sexual harassment and that is prohibited by the CONTRACTOR's policy, as well as federal and state law. The policy should include procedures to make complaints without fear of retaliation, and for prompt and objective investigations of all sexual harassment complaints. CONTRACTOR further agrees to provide annual training to all employees regarding the laws concerning sexual harassment and related procedures.

56) REPORTING OF MISSING CHILDREN

- a) CONTRACTOR assures LEA that all staff members, including volunteers, are familiar with and agree to adhere to requirements for reporting missing children as specified in California Education Code section 49370. A written statement acknowledging the legal requirements of such reporting and verification of staff adherence to such reporting shall be properly submitted to the LEA upon request.
- b) In the event a child elopes from an NPS or Residential Treatment Center and evades adult supervision, the LEA shall be notified immediately following contact to law enforcement.

FINANCIAL

57) ENROLLMENT, CONTRACTING, SERVICE TRACKING, ATTENDANCE REPORTING, AND BILLING PROCEDURES

- a) CONTRACTOR shall assure that the school or agency has the necessary financial resources to provide an appropriate education for the students enrolled and will distribute those resources in such a manner to implement the IEP/IFSP for each and every student.
- b) CONTRACTOR shall be paid for the provision of special education and/or related services specified in the LEA student's IEP/IFSP and ISA. All payments by LEA shall be made in accordance with the terms and conditions of this Master Contract.
- c) CONTRACTOR shall maintain registers for the basic education program and each related service. Original attendance forms shall be completed by the actual service provider whose signature shall appear on such forms and shall be available for review, inspection, or audit by LEA during the effective period of this contract and for a period of five (5) years after the date of origination. CONTRACTOR shall verify the accuracy of minutes of reported attendance that is the basis of services being billed for payment.
- d) CONTRACTOR shall submit accurate and timely invoices and related documents to LEA for payment, for each calendar month when education or related services were provided to an LEA student. Invoices shall be submitted no later than thirty (30) days after the end of the attendance accounting period in which the services were rendered. LEA shall make payment to CONTRACTOR based on the number of billable days of attendance and hours of service at rates specified in this contract within forty-five (45) days of LEA's receipt of properly submitted hard copy of invoices prepared and submitted as specified in California Education Code Section 56366.5. CONTRACTOR shall correct deficiencies and submit rebilling invoices no later than thirty (30) calendar days after the invoice is returned by LEA. LEA shall pay properly submitted re-billing invoices no later than forty-five (45) days from the date a completely corrected re-billing invoice is received by LEA.

- e) If the LEA fails to comply with the provision of payment within 45 days of receipt of the request for payment of services, the CONTRACTOR may require the LEA to pay an additional amount of 1-1/2 percent of the unpaid balance per month until full payment is made (California Education Code 56366.6 (b)). Upon written notification of dispute, CONTRACTOR shall not apply additional charges to the disputed bill until the matter is resolved.

58) RIGHT TO WITHHOLD PAYMENT

- a) LEA may withhold payment to CONTRACTOR when:
 - i. CONTRACTOR has failed to perform, in whole or in part, under the terms of this contract
 - ii. CONTRACTOR was overpaid by LEA as determined by inspection, review, and/or audit of its program, work, and/or records
 - iii. CONTRACTOR has failed to provide supporting documentation with an invoice, as required by Section 57
 - iv. education and/or related services are provided to LEA pupils by personnel who are not appropriately credentialed, licensed, or otherwise qualified
 - v. LEA has not received prior to school closure or contract termination, all documents concerning one or more LEA pupils enrolled in CONTRACTOR's educational program
 - vi. CONTRACTOR fails to confirm a pupil's change of residence to another district or confirms the change or residence to another district, but fails to notify LEA with five (5) days of such confirmation
 - vii. CONTRACTOR receives payment from Medi-Cal or from any other agency or funding source for a service provided to a LEA pupil.
- b) The amount which may be withheld by LEA with respect to each of the subparagraphs of the preceding paragraph are as follows:
 - i. the value of the service CONTRACTOR failed to perform
 - ii. the amount of overpayment
 - iii. the entire portion of the invoice for which satisfactory documentation has not been provided by CONTRACTOR
 - iv. the amount invoiced for services provided by the individual not appropriately credentialed, licensed, or otherwise qualified
 - v. the proportionate amount of the invoice related to the applicable pupil for the time period from the date of the violation occurred and until the violation is cured
 - vi. the proportionate amount of the invoice related to the applicable pupil for the time period from the date of the violation occurred and until the violation is cured
 - vii. the amount paid to CONTRACTOR by Medi-Cal or another agency or funding source for the service provided to the LEA pupil.
- c) If LEA determines that cause exists to withhold payment to CONTRACTOR, LEA shall, within ten (10) business days of receipt of such invoice, provide to CONTRACTOR written notice that LEA is withholding payment. Such notice shall specify the basis or bases for LEA's withholding payment and the amount to be withheld. Within thirty (30) days from the date of receipt of such notice, CONTRACTOR shall take all necessary and appropriate action to correct the deficiencies that form the basis for LEA's withholding payment or submit a written request for extension of time to correct the deficiencies. Upon receipt of CONTRACTOR's written request showing good cause, LEA shall extend CONTRACTOR's time to correct deficiencies (usually an additional thirty (30) days), otherwise payment will be denied.
- d) If after subsequent request for payment has been denied and CONTRACTOR believes that payment should not be withheld, CONTRACTOR shall send written notice to LEA specifying the reason it believes payment should not be withheld. LEA shall respond to CONTRACTOR's notice within thirty (30) business days by indicating that a warrant for the amount of payment will be made or stating the reason LEA believes payment should not be made. If LEA fails to respond within thirty (30) business days or a dispute regarding the withholding of payment continues after the LEA's response to CONTRACTOR's notice, CONTRACTOR shall invoke the following escalation policy.
 - i. Persons involved after forty-one (41) business days: If CONTRACTOR notifies LEA that the dispute has not been resolved by the LEA Specialist, LEA's Administrator will become involved and shall

attempt to resolve the dispute. The LEA Coordinator shall respond to the CONTRACTOR in writing within ten (10) business days.

- ii. Persons involved after fifty-one (51) business days: If CONTRACTOR notifies LEA that the dispute has not been resolved by the LEA Administrator, the SELPA Director shall become involved. The SELPA Director shall respond to the CONTRACTOR in writing within ten (10) business days. This shall be the final LEA determination regarding the withholding of payment.
 - iii. Persons involved after sixty-one (61) business days: Dispute Resolution, as defined in the SELPA's Local Plan, shall be followed.
- e) If the dispute has not been resolved through the SELPA's Dispute Resolution process, the party claiming injury may seek legal or CDE redress, or may submit, if mutually agreed to in writing by the parties, the matter to binding arbitration by an arbitrator or arbitration service agreed upon by the parties. Each party shall be responsible for their own fees for arbitration, if applicable. The parties agree that this Master Contract provision dealing with Master Contract disputes does not alter the parties' right to bring action in accordance with the applicable statute of limitations under state or federal law.

59) PAYMENT FROM OUTSIDE AGENCIES

CONTRACTOR shall notify LEA when Medi-Cal or any other agency is billed for the costs associated with the provision of special education and/or related services covered by this Master Contract or the ISA to LEA pupils. Upon request, CONTRACTOR shall provide to LEA any and all documentation regarding reports, billing, and/or payment by Medi-Cal or any other agency for the costs associated with the provision of special education and/or related services covered by this Master Contract or ISA to LEA pupils.

60) PAYMENT FOR STUDENT ABSENCES

Two accounting/billing options are offered at the discretion of the LEA: "Excused Absence" or "Positive Attendance." In neither case will CONTRACTOR bill for any absences during Extended School Year (ESY).

Excused Absence Method

- a) LEA shall not be responsible for payment for more than 8 cumulative days of absences, for each of the first ninety days and second ninety days of the school year i.e., semester, unless a written time extension is granted by LEA. No more than three of the 8 cumulative absences shall be unexcused.
 - b) On the 4th consecutive day of a pupil's absence, CONTRACTOR shall notify LEA of such absence. If CONTRACTOR fails to provide such notice by the 4th day of consecutive absence, CONTRACTOR shall not be compensated for services delivered during continuing absence after the 4th consecutive day of excused absence.
 - c) All excused absences must be verified and a copy must be submitted to LEA with the monthly invoice. All documentation must be kept for at least five (5) years from the date of origination.
 - d) Only the individuals listed below may verify the reason for absence:
 - i. School or public health nurse
 - ii. Physician
 - iii. Principal
 - iv. Teacher
 - v. School employee assigned to make such verification
 - vi. Student eighteen years of age or over
 - vii. Parent
-
- e) Any reasonable method which established the reason for the absence may be used:
 - i. Written note from parent, guardian, representative or adult pupil (over 18 or emancipated)
 - ii. Telephone conversation with parent, guardian, representative, or adult pupil (over 18 or emancipated)
 - f) Standards for excused absences are defined in the education code. Contractor is responsible for verification of excused absence in accordance with current requirements.
 - g) In the event of an NPS school closure due to an emergency consistent with guidelines followed by LEAs under Education Code Section 41422, the NPS would be permitted to schedule a makeup day of service. Days need to be made up to ensure FAPE for student(s). The NPS would work collaboratively with LEAs and inform them of a date(s) during the current school calendar year on which the makeup day of service would occur.

Positive Attendance Method

A factor of 1.055 shall be applied to all approved rates when a Positive Attendance method is used. Actual days of attendance without exception shall be counted as a unit of service.

61) NONPUBLIC AGENCY PUPIL ABSENCE

- a) If CONTRACTOR is a nonpublic agency, it shall notify LEA of the absence of an LEA student no later than the fifth consecutive service day of the student's absence. A unit of service for payment purposes shall not be credited for an excused absence when CONTRACTOR is provided 24 hours advance verbal notification of the student's absence. A unit of service for payment purposes shall not be credited to CONTRACTOR for CONTRACTOR'S staff development days.

62) INSPECTION AND AUDIT

- a) The CONTRACTOR shall maintain and the LEA shall have the right to examine and audit all of the books, records, documents, accounting procedures and practices and other evidence that reflect all costs claimed to have been incurred or fees claimed to have been earned under this Master Contract.
- b) CONTRACTOR shall provide access to LEA to all records including, but not limited to student records as defined by California Education Code section 49061(b). CONTRACTOR shall make available to LEA all budgetary information including operating budgets submitted by CONTRACTOR to LEA for the relevant contract period being audited.
- c) CONTRACTOR shall provide access to LEA to all records including, but not limited to:
 - i. student records as defined by California Education Code section 49061(b)
 - ii. registers and roll books of teachers
 - iii. daily service logs and notes or other documents used to record the provision of related services
 - iv. Medi-Cal/daily service logs and notes and other documents used to record provision of services provided by instructional assistants, behavior intervention aides, bus aides, and supervisors
 - v. absence verification records (parent/doctor notes, telephone logs, and related documents)
 - vi. bus rosters
 - vii. staff lists specifying credentials held, business licenses held, documents evidencing other qualifications, social security numbers, dates of hire, and dates of termination
 - viii. staff time sheets; non-paid staff and volunteer sign-in sheets
 - ix. transportation and other related service subcontracts
 - x. school calendars
 - xi. bell/class schedules
 - xii. liability and worker's compensation insurance policies
 - xiii. state nonpublic school and/or agency certifications
 - xiv. marketing materials
 - xv. by-laws
 - xvi. lists of current board of directors/trustees, if incorporated; statements of income and expenses
 - xvii. general journals
 - xviii. cash receipts and disbursement books
 - xix. general ledgers and supporting documents
 - xx. federal/state payroll quarterly reports; and bank statements and canceled checks or facsimile thereof.
 - xxi. Such access shall include unannounced inspections by LEA. CONTRACTOR shall make available to LEA all budgetary information including operating budgets submitted by CONTRACTOR to LEA for the relevant contract period being audited.
- d) CONTRACTOR shall make all records, or copies of records, available at either the office of the LEA or at the CONTRACTOR's offices (to be specified by LEA) at all times and without charge. All records shall be provided to LEA within ten (10) working days of a written request from LEA. CONTRACTOR shall, at no cost to LEA, provide assistance for such examination or audit. LEA's rights under this section shall also include access to CONTRACTOR's offices for purposes of interviewing CONTRACTOR's employees. If any document or evidence is stored in an electronic form, a hard copy shall be made available to the LEA, unless the LEA agrees to the use of the electronic format. CONTRACTOR may request from the LEA an extension of time to comply with any records request, which shall not be unreasonably withheld.

- e) If an inspection, review, or audit by the LEA, a state agency, a federal agency, and/or an independent agency/firm determines that the CONTRACTOR or the LEA owes the other monies as a result of over billing, underpayment, or failure to perform, in whole or in part, any of its obligations under this Master Contract, the party owed money shall provide to the other party written notice demanding payment and specifying the basis or bases for such demand. Unless otherwise agreed in writing, the party that owes money shall make such payment within thirty (30) days of receipt of the written notice demanding payment. In the event that a party from whom payment is demanded disputes that any payment is owed, the matter shall be resolved in accordance with the dispute resolution section of this Master Contract.
- f) The attached rate schedule limits the number of LEA students that may be enrolled and maximum dollar amount of the contract. It may also limit the maximum number of students that can be provided specific services. Per diem rates for LEA students whose IEPs authorize less than a full instructional day shall be adjusted proportionally. Special education and/or related services offered by CONTRACTOR, shall be provided by qualified personnel as per State and Federal law, and the codes and charges for such educational and/or related services during the term of this contract, shall be as stated in Section 62.

RATE SCHEDULE

63) CONTRACTOR

Per Diem rates for students whose IEPs authorize less than a full instructional day may be adjusted proportionally. In such cases only, the adjustments in basic education rate shall be based on the percentage the required minimum number of minutes per grade level as noted in California Education Code Section 46200-46208.

Special education and/or related services offered by CONTRACTOR shall be provided by qualified personnel as per State and Federal law, and the codes and charges for such educational and/or related services during the term of this contract, shall be as stated below.

Page 26 of 26

NICASIO SCHOOL DISTRICT

MEMO

DATE: January 31, 2018
TO: Nicasio School District Board of Trustees; Nancy Neu, Superintendent
FROM: Margie Bonardi, Interim CBO
RE: Acceptance of 2016-17 District Financial Audit

Attached is the 2016-17 financial audit performed by the Stephen Roatch Accountancy Corporation.

This audit is the second year of a three-year contract with this firm.

Company auditor Cheryl Wada worked with district staff members to compile the information included in the audit. Ms. Wada has noted three findings, but has determined none of them to be material.

Two findings dealt with tracking documentation in the business office; both findings have been corrected and are now in place.

Finding Three: The district's initial resolution on Sufficiency of Instructional Materials did not include a specific reference to materials for a foreign language program. The district does have sufficient materials, only the reference to them in the resolution was missing. A revised resolution is included on this month's agenda.

December 11, 2017

To the Governing Board
Nicasio Elementary School District
Nicasio, California

We have audited the financial statements of the governmental activities and each major fund of Nicasio Elementary School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our annual engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Nicasio Elementary School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2016-17 fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has been notified of all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison information, schedules of the proportionate share of the net pension liabilities, and schedules of contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Governing Board
Nicasio Elementary School District
Page three of three

Restriction on Use

This information is intended solely for the information and use of the Governing Board and management of Nicasio Elementary School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Stephen Roatch

Stephen Roatch, Certified Public Accountant
President

NICASIO ELEMENTARY SCHOOL DISTRICT
COUNTY OF MARIN
NICASIO, CALIFORNIA

AUDIT REPORT

JUNE 30, 2017

NICASIO ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2017

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Nicasio Elementary School District
Nicasio, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Nicasio Elementary School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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 entity's internal control. Accordingly, we express no such opinion. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017 on our consideration of Nicasio Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nicasio Elementary School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2017

**NICASIO ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(PREPARED BY DISTRICT MANAGEMENT)**

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
 - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
 - ❖ Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements, when applicable.
 - ❖ Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements, when applicable.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

**NICASIO ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's net position increased from \$785,867 at June 30, 2016, up to \$879,927 at June 30, 2017, an increase of 12%.

<u>Comparative Statement of Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2017</u>
<u>Assets</u>		
Deposits and Investments	\$ 781,439	\$ 787,283
Receivables	20,746	26,400
Capital Assets, net	<u>2,788,782</u>	<u>2,718,689</u>
Total Assets	<u>3,590,967</u>	<u>3,532,372</u>
<u>Deferred Outflows of Resources</u>		
Pension Deferrals	<u>99,874</u>	<u>146,289</u>
<u>Liabilities</u>		
Current	291,564	316,379
Long-Term	<u>2,432,241</u>	<u>2,306,687</u>
Total Liabilities	<u>2,723,805</u>	<u>2,623,066</u>
<u>Deferred Inflows of Resources</u>		
Pension Deferrals	<u>181,169</u>	<u>175,668</u>
<u>Net Position</u>		
Net Investment in Capital Assets	933,782	1,003,689
Restricted	199,640	249,747
Unrestricted (Deficit)	<u>(347,555)</u>	<u>(373,509)</u>
Total Net Position	<u>\$ 785,867</u>	<u>\$ 879,927</u>
<i>Table includes financial data of the combined governmental funds</i>		

The unrestricted deficit balances, presented above, are a result of the requirement to record liabilities and deferred outflows/inflows of resources in the financial statements to reflect the District's proportionate share of items related to their participation in the CalSTRS and CalPERS pension plans.

**NICASIO ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

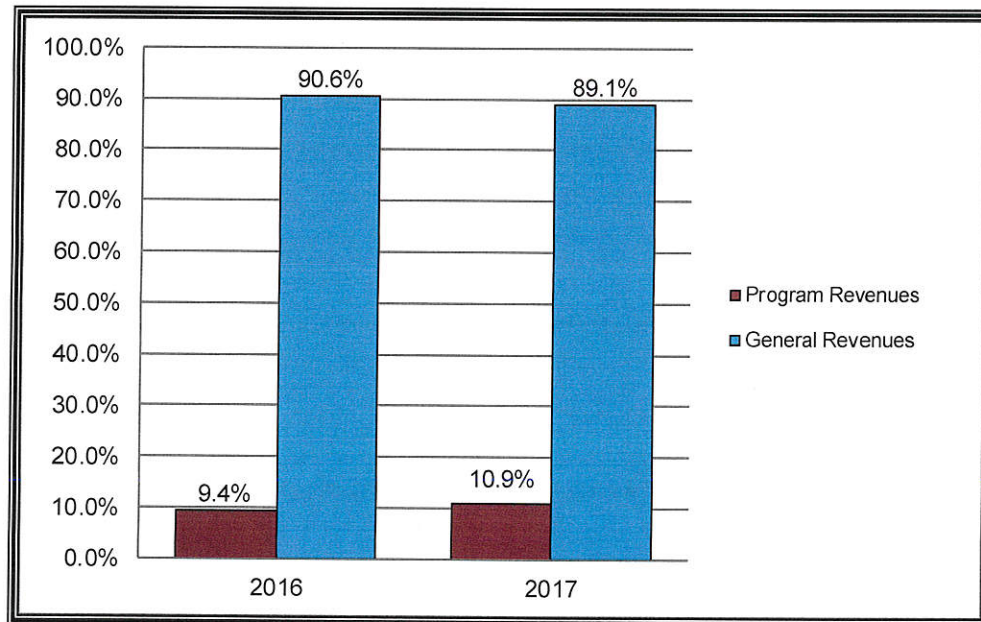
GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2016	2017	2016	2017
Instruction	\$ 646,802	\$ 523,137	\$ 533,090	\$ 427,449
Instruction-Related Services	238,659	246,244	232,573	241,923
Pupil Services	56,004	62,945	47,160	45,524
General Administration	91,016	73,540	88,417	72,622
Plant Services	335,409	105,691	335,409	105,691
Interest on Long-Term Debt	81,030	74,732	81,030	74,732
Other Outgo	76,931	85,891	64,443	76,035
Totals	<u>\$ 1,525,851</u>	<u>\$ 1,172,180</u>	<u>\$ 1,382,122</u>	<u>\$ 1,043,976</u>

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$1,043,976 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2016-17, program revenues financed 10.9% of the total cost of providing the services listed above, while the remaining 89.1% was financed by the general revenues of the District.

**NICASIO ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

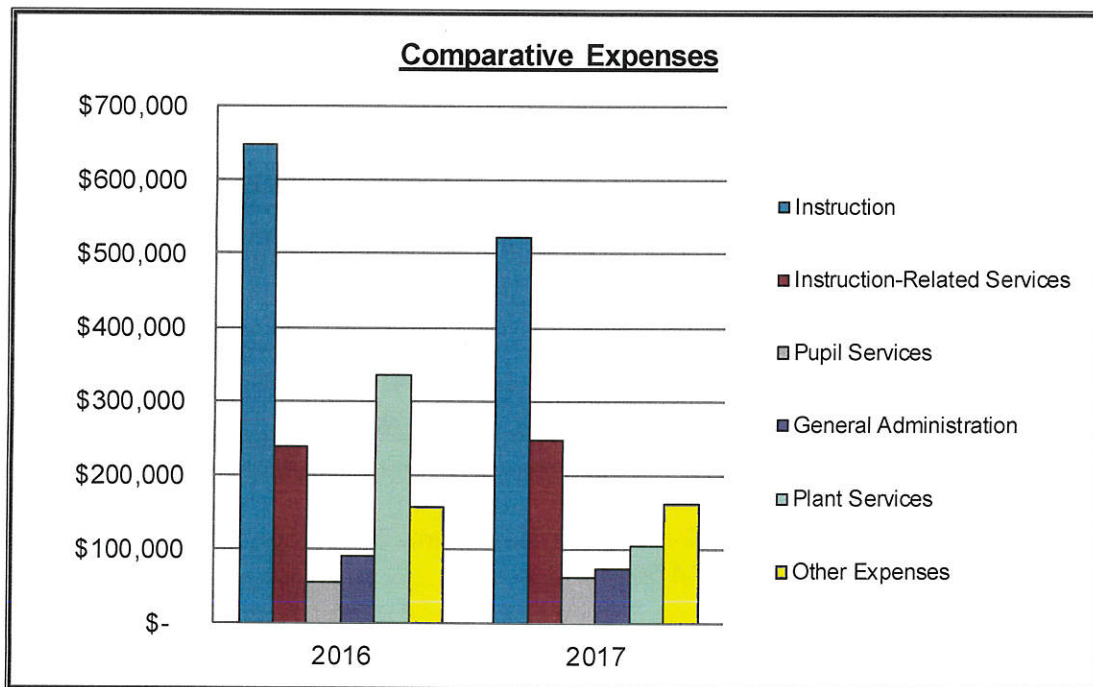
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Summary of Expenses For Governmental Functions

<u>Expenses</u>	<u>FYE 2016 Amount</u>	<u>Percent of Total</u>	<u>FYE 2017 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 646,802	42.39%	\$ 523,137	44.63%
Instruction-Related Services	238,659	15.64%	246,244	21.01%
Pupil Services	56,004	3.67%	62,945	5.37%
General Administration	91,016	5.96%	73,540	6.27%
Plant Services	335,409	21.98%	105,691	9.02%
Other Expenses	157,961	10.35%	160,623	13.70%
Total Expenses	<u>\$ 1,525,851</u>	<u>100.00%</u>	<u>\$ 1,172,180</u>	<u>100.00%</u>



**NICASIO ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

<u>Comparative Schedule of Fund Balances</u>			
	<u>Fund Balances June 30, 2016</u>	<u>Fund Balances June 30, 2017</u>	<u>Increase (Decrease)</u>
General	\$ 445,137	\$ 432,842	\$ (12,295)
Deferred Maintenance	43,067	41,995	(1,072)
Bond Interest & Redemption	200,538	213,246	12,708
Totals	<u>\$ 688,742</u>	<u>\$ 688,083</u>	<u>\$ (659)</u>

The fund balance of the General Fund decreased \$12,295 and the combined fund balances of all other governmental funds increased \$11,636.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revised figures and updated 45 days after the State approves its final budget.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Employer contribution rates for CalSTRS and CalPERS will continue to increase on an annual basis for the foreseeable future. In addition, the economy has finished its eighth year of expansion, lasting three years longer than the average recovery. The Governor and Department of Finance continue to urge the Legislature and local governments, including local education agencies, to plan for the next recession.

Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Interim Chief Financial Officer, Nicasio Elementary School District, 1111 Las Gallinas Avenue, San Rafael, CA 94913.

NICASIO ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>					
Instruction	\$ 523,137		\$ 95,688		\$ (427,449)
Instruction-Related Services:					
Supervision of Instruction	2,486		1,556		(930)
School Site Administration	243,758		2,765		(240,993)
Pupil Services:					
Home-to-School Transportation	35,248		4,080		(31,168)
Other Pupil Services	27,697		13,341		(14,356)
General Administration:					
Other General Administration	73,540		918		(72,622)
Plant Services	105,691				(105,691)
Interest on Long-Term Debt	74,732				(74,732)
Other Outgo	85,891		9,856		(76,035)
Total Governmental Activities	<u>\$ 1,172,180</u>	<u>\$ 0</u>	<u>\$ 128,204</u>	<u>\$ 0</u>	<u>(1,043,976)</u>
<u>General Revenues</u>					
Taxes Levied for General Purposes					646,908
Taxes Levied for Debt Service					227,335
Taxes Levied for Specific Purposes					185,467
Federal and State Aid - Unrestricted					68,578
Interest and Investment Earnings					3,074
Transfers from Other Agencies					2,337
Miscellaneous					4,337
Total General Revenues					<u>1,138,036</u>
Change in Net Position					94,060
Net Position - July 1, 2016					<u>785,867</u>
Net Position - June 30, 2017					<u>\$ 879,927</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NICASIO ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances - Governmental Fund	\$	688,083
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Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital Assets	\$ 4,113,105	
Accumulated Depreciation	(1,394,416)	
Net		2,718,689

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions		146,289
Deferred inflows of resources relating to pensions		(175,668)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General Obligation Bonds	\$ 1,715,000	
Early Retirement Incentives	31,563	
Net Pension Liabilities	721,437	
Total		(2,468,000)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(29,466)

Total Net Position - Governmental Activities	\$	879,927
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NICASIO ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net Change in Fund Balance - Governmental Fund	\$	(659)
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation

Capital Outlay Expenditures	\$ 10,518	
Depreciation Expense	<u>(80,611)</u>	
Net		(70,093)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

146,313

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:

16,157

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statements, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from a prior period, was:

2,342

Change in Net Position of Governmental Activities	\$	<u>94,060</u>
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NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Concluded):

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

The District maintains the following governmental fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District's accounts are organized into major funds as follows:

General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for the repayment of District bonds, interest, and related costs.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund and Deferred Maintenance Fund on pages 47 and 48.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

2. Capital Assets (Concluded)

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

3. Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

4. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the obligation, when material. Liabilities are reported net of applicable premiums and discounts.

In the fund financial statements, governmental funds recognize premiums and discounts when the debt is issued. The face amount of the debt issued, premiums and discounts are reported as other financing sources or uses.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

7. Local Control Funding Formula (LCFF /Property Tax) (Concluded)

The County of Marin is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

Since the amount of property taxes received by the District exceeds the amount of the LCFF transition entitlement, the District is considered to be a "basic aid" school district, and is permitted to keep all of its property tax revenue. In addition, as guaranteed by the California Constitution, the State must apportion \$120 per pupil to the District. However, the categorical aid that the District receives counts toward this requirement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, consist of the following:

Cash in Revolving Funds	\$ 1,000
County Pool Investments	<u>786,283</u>
Total	<u>\$ 787,283</u>

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 786,283	\$ 786,687	231

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balances July 1, 2016	Additions	Deletions	Balances June 30, 2017
Land	\$ 53,889			\$ 53,889
Sites and Improvements	264,425			264,425
Buildings and Improvements	3,755,624			3,755,624
Furniture and Equipment	28,649	\$ 6,129		34,778
Work in Progress	0	4,389		4,389
Totals at Historical Cost	4,102,587	10,518	0	4,113,105
Less Accumulated Depreciation for:				
Sites and Improvements	235,518	3,911		239,429
Buildings and Improvements	1,053,678	75,639		1,129,317
Furniture and Equipment	24,609	1,061		25,670
Total Accumulated Depreciation	1,313,805	80,611	0	1,394,416
Governmental Activities Capital Assets, net	<u>\$ 2,788,782</u>	<u>\$ (70,093)</u>	<u>\$ 0</u>	<u>\$ 2,718,689</u>

Depreciation expense for governmental activities was charged to instruction.

NOTE 5 - GENERAL OBLIGATION BONDS

The District's outstanding general obligation bonded debt at June 30, 2017 is:

Year of Issue	Interest Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2016	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2017
2010	2.00-4.50	8/1/24	<u>\$ 2,440,000</u>	<u>\$ 1,855,000</u>	<u>\$ 0</u>	<u>\$ 140,000</u>	<u>\$ 1,715,000</u>

The annual requirements to amortize the general obligation bonds, as of June 30, 2017, are as follows:

Year Ended June 30	Principal	Interest	Totals
2018	\$ 155,000	\$ 68,488	\$ 223,488
2019	170,000	61,987	231,987
2020	185,000	54,888	239,888
2021	205,000	47,087	252,087
2022	220,000	38,587	258,587
2023-2027	780,000	54,119	834,119
Totals	<u>\$ 1,715,000</u>	<u>\$ 325,156</u>	<u>\$ 2,040,156</u>

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established the plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a stand-alone comprehensive annual financial report available to the public that can be found on the CalSTRS website.

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs and to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity of the STRP.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on a members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Contributions (Concluded)

State: The contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469 - Bonta, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in Education Code Section 22955.1(b). The additional state contribution for the fiscal year ended June 30, 2017 was 4.311%. Including a 2.50% contribution for SBMA funding, the total state appropriation to the defined benefit program was 8.828% for the fiscal year ended June 30, 2017.

Payable for Benefit Enhancement

The District provides, at their cost, an additional two years of service credit to increase the amount of participating members' monthly retirement benefits. The cost to the District will be paid in installments not to exceed eight years, with interest charged on the unpaid balance at the actuarially assumed rate of return on investments for the Defined Benefit Program (currently at 7.5%). As of June 30, 2017, the outstanding balance of this payable to CalSTRS was \$31,563 (see Note 6).

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	\$ 571,042
State's proportionate share of the net pension liability associated with the District	<u>280,594</u>
Total net pension liability attributed to District	<u><u>\$ 851,636</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on a District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. The District's proportionate share of the net pension liability as of June 30, 2015 and June 30, 2016 was as follows:

Proportion - June 30, 2015	0.0008%
Proportion - June 30, 2016	<u>0.0007%</u>
Change - Increase (Decrease)	<u><u>-0.0001%</u></u>

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return ¹	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

¹ Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5% assumed investment rate of return for funding purposes, which is net of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS specific experience through June 30, 2015. RP2000 series tables are an industry standard set of mortality rates published in 2000 by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis and June 30, 2015 Actuarial Program Valuations for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2016, are summarized in the following table:

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 6.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.888% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2017 was \$14,169.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Year Ended June 30	
2018	\$ (27,183)
2019	4,363
2020	335
2021	6,091

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2016. Differences between projected and actual earnings on plan investments are netted and reduced over a closed 5-year period.

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies
Investment Rate of Return	7.65%
Post Retirement Benefit Increase ⁽¹⁾	

⁽¹⁾ Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	Discount Rate 1% Decrease 6.65%	Discount Rate Current Rate 7.65%	Discount Rate 1% Increase 8.65%
District's proportionate share of the net pension liability	\$ 224,390	\$ 150,395	\$ 88,780

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 8 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2017, is shown below:

	Balances July 1, 2016	Additions	Deductions	Balances June 30, 2017	Due within One Year
General Obligation Bonds	\$ 1,855,000		\$ 140,000	\$ 1,715,000	\$ 155,000
Early Retirement Incentives	37,876		6,313	31,563	6,313
Net Pension Liabilities	685,678	\$ 49,340	13,581	721,437	
Totals	\$ 2,578,554	\$ 49,340	\$ 159,894	\$ 2,468,000	\$ 161,313

The general obligation bonds are generally financed by property tax collections in the Bond Interest and Redemption Fund. All other liabilities will be financed by the General Fund.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - JOINT VENTURE (CONCLUDED)

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's management.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 14 - ECONOMIC DEPENDENCY

During fiscal year 2016-17, the District received \$185,467 of parcel tax revenue that is subject to voter approval. The District also received \$45,118 from the Nicasio Schools Foundation, a non-profit, public benefit corporation that is subject to voluntary public contributions to the organization.

NOTE 15 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 11, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 39,677	\$ 39,353	\$ 39,353	
Local Sources	630,398	641,772	646,908	\$ 5,136
Total LCFF Sources	670,075	681,125	686,261	5,136
Federal Revenue	30,365	21,321	21,345	24
Other State Revenue	51,504	57,453	58,937	1,484
Other Local Revenue	273,348	273,822	261,673	(12,149)
Total Revenues	1,025,292	1,033,721	1,028,216	(5,505)
<u>Expenditures</u>				
Current:				
Certificated Salaries	337,182	239,994	238,119	1,875
Classified Salaries	163,383	163,362	162,221	1,141
Employee Benefits	123,345	143,611	136,771	6,840
Books and Supplies	33,923	43,071	28,074	14,997
Services and Other				
Operating Expenditures	380,709	403,232	370,667	32,565
Capital Outlay		10,518	10,518	
Debt Service:				
Principal Retirement	4,893	4,893	6,313	(1,420)
Interest and Fiscal Charges	3,225	3,225	2,687	538
Other Expenditures	91,530	92,166	85,141	7,025
Total Expenditures	1,138,190	1,104,072	1,040,511	63,561
Net Change in Fund Balances	(112,898)	(70,351)	(12,295)	\$ 58,056
Fund Balances - July 1, 2016	445,137	445,137	445,137	
Fund Balances - June 30, 2017	\$ 332,239	\$ 374,786	\$ 432,842	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NICASIO ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2017

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2017	0.0007%	\$ 571,042	\$ 280,594	\$ 851,636	\$ 351,864	162.29%	70.04%
2016	0.0008%	521,702	338,254	859,956	359,673	145.05%	74.02%
2015	0.0008%	496,128	279,456	775,584	378,145	131.20%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - CALSTRS *
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2017	\$ 32,588	\$ 32,588	\$ -	\$ 259,046	12.58%
2016	39,154	39,154	-	364,902	10.73%
2015	29,101	29,101	-	327,714	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

NICASIO ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. These schedules present the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object.

Excess of expenditures over appropriations as of June 30, 2017 was as follows:

	<u>Excess Expenditures</u>
General Fund	
Debt Service: Principal Retirement	\$ 1,420
Deferred Maintenance Fund	
Services and Other Operating Expenditures	1,365

The District incurred unanticipated expenditures in excess of appropriations in the above expenditure classifications for which the budgets were not revised.

B. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

C. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

SUPPLEMENTARY INFORMATION SECTION

NICASIO ELEMENTARY SCHOOL DISTRICT
ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

ORGANIZATION

The Nicasio Elementary School District was established in 1866 and comprises an area located in Marin County. There were no changes in the boundaries of the District during the current year. The District currently operates one elementary school.

BOARD OF EDUCATION

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jason Snell	President	November, 2018
Madeleine Sloane	Clerk	November, 2018
Michelle Rutledge	Trustee	November, 2020

ADMINISTRATION

Dr. Thomas Lohwasser
Superintendent

Barbara Snekkevik
Principal

Margie Bonardi
Interim Chief Financial Officer

NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2016-17 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	N/A	In Compliance
Grade 1	50,400	54,600	180	N/A	In Compliance
Grade 2	50,400	54,600	180	N/A	In Compliance
Grade 3	50,400	54,600	180	N/A	In Compliance
Grade 4	54,000	54,600	180	N/A	In Compliance
Grade 5	54,000	54,600	180	N/A	In Compliance
Grade 6	54,000	54,600	180	N/A	In Compliance
Grade 7	54,000	54,600	180	N/A	In Compliance
Grade 8	54,000	54,600	180	N/A	In Compliance

NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GENERAL FUND			
	(Budget)* 2017-18	2016-17	2015-16	2014-15
Revenues and Other Financial Sources	\$ 1,034,995	\$ 1,028,216	\$ 987,806	\$ 979,559
Expenditures	1,081,848	1,040,511	1,036,626	966,220
Other Uses and Transfers Out	0	0	0	0
Total Outgo	1,081,848	1,040,511	1,036,626	966,220
Change in Fund Balance	(46,853)	(12,295)	(48,820)	13,339
Ending Fund Balance	\$ 385,989	\$ 432,842	\$ 445,137	\$ 493,957
Available Reserves	\$ 277,398	\$ 321,875	\$ 369,227	\$ 297,775
Reserve for Economic Uncertainties **	\$ 66,000	\$ 66,000	\$ 66,000	\$ 64,000
Available Reserves as a Percentage of Total Outgo	25.6%	30.9%	35.6%	30.8%
Total Long-Term Liabilities	\$ 2,306,687	\$ 2,468,000	\$ 2,578,554	\$ 2,615,500
Average Daily Attendance at P-2	49	42	49	50

* Amounts reported for the budget are presented for analytical purposes only and have not been audited.

** Reported balances are a component of available reserves.

The fund balance of the General Fund decreased \$61,115 (12.4%) over the past two years. The fiscal year 2017-18 budget projects a decrease of \$46,853 (10.8%). For a district this size, the state recommends minimum reserves of at least \$66,000.

The District incurred operating deficits of \$12,295 and \$48,820 during fiscal years 2016-17 and 2015-16, respectively, and produced an operating surplus of \$13,339 during fiscal year 2014-15.

Average daily attendance (ADA) decreased 8 ADA over the past two years. The District projects an increase of 7 ADA during fiscal year 2017-18.

Total long-term liabilities decreased \$147,500 over the past two years due primarily to the payments on the outstanding general obligation bonds.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Nicasio Elementary School District
Nicasio, California

Report on State Compliance

We have audited Nicasio Elementary School District's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the District's state programs occurred. An audit includes examining, on a test basis, evidence about Nicasio Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Nicasio Elementary School District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine Nicasio Elementary School District's compliance with state laws and regulations applicable to the following items:

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2016-17 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2017-003**. Our opinion on state compliance on the programs previously identified is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2016-17 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2017

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

**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**

Board of Education
Nicasio Elementary School District
Nicasio, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Nicasio Elementary School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies, as noted in **Finding 2017-001 and 2017-002.**

FINDINGS AND QUESTIONED COSTS SECTION

NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

State Awards

Any audit findings required to be reported in accordance with the 2016-17 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?	<u> X </u> Yes	<u> </u> No
Type of auditor's report issued on compliance for state programs:	Unmodified	

NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2017 - 002 / 30000

SIGNIFICANT DEFICIENCY

CLEARING ACCOUNTS RECONCILIATION

<u>Criteria:</u>	An appropriate system of internal control over financial reporting requires that clearing accounts used to facilitate the payment of items such as health and welfare benefits, taxes, and insurance, should be reconciled on a periodic basis, to ensure that all related liability and expenditure balances are properly reported.
<u>Condition:</u>	The health and welfare clearing accounts were not reconciled on a routine basis and were not reconciled as of June 30, 2017.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The balances in the health and welfare clearing accounts do not appear to be materially misstated as of June 30, 2017.
<u>Effect:</u>	The District did not have appropriate procedures in place to ensure that health and welfare clearing accounts are functioning as intended, and to confirm that the related liabilities and expenditure balances were properly reported.
<u>Cause:</u>	The District experienced turnover in the business office during the year that made it difficult to establish appropriate procedures.
<u>Recommendation:</u>	The District should establish appropriate procedures to ensure that clearing accounts, used to facilitate the payment of health and welfare benefits, are reconciled on a monthly basis and that the reconciliations are retained for audit purposes. Errors detected during the reconciliation process, should be investigated and resolved in a timely manner to ensure that the related liability and expenditure balances are properly reported.
<u>District Response:</u>	The health and welfare clearing accounts for 2016-17 have been reconciled by the Interim CFO in the 2017-18 fiscal year. In the future, the District will establish procedures that require the business office to reconcile the health and welfare clearing accounts on a monthly basis using a spreadsheet developed by the Interim CFO.

**NICASIO ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

There were no matters reported in the prior year audit.

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

Item # 7d

Stephen Roatch - President
Habbas Nassar - Vice President

January 4, 2018

Management and Governing Board of
Nicasio Elementary School District
1111 Las Gallinas Avenue
San Rafael, CA 94913-4925

Year 3 of 3-year contract

This letter confirms that Nicasio Elementary 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 Nicasio Elementary School District for the fiscal year ended June 30, 2018. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of Nicasio Elementary School District as of and for the year ended 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 Nicasio Elementary 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 Nicasio Elementary 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. Schedules of the proportionate share of the net pension liabilities
4. Schedules of contributions

We have also been engaged to report on supplementary information other than RSI that accompanies Nicasio Elementary 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.

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 *2017-18 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 Nicasio Elementary 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 Nicasio Elementary School District's financial statements. Our report will be addressed to the Governing Board of Nicasio Elementary 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 Nicasio Elementary 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 Nicasio Elementary 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, schedules of the proportionate share of the net pension liabilities, schedules of contributions, and supplementary schedules and information (nonaudit services), as applicable, of Nicasio Elementary 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, 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 **\$8,250** for the fiscal year ended 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.

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 *2017-18 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 *2017-18 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
Nicasio Elementary School District
January 4, 2018
Page Eight of Eight

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 Nicasio Elementary 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 Nicasio Elementary 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 Nicasio Elementary School District.

Management - Approved by:

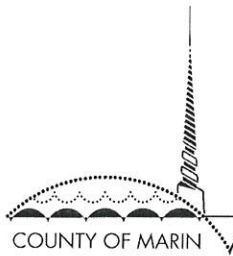
Name: _____

Title: _____

Date: _____

Governing Board - Acknowledged by:

Board President



COMMUNITY DEVELOPMENT AGENCY

ENVIRONMENTAL HEALTH SERVICES DIVISION

RECEIVED

November 30, 2017

DEC - 4 2017

Nicasio School District
Attn: Mr. Lohwasser
PO Box 711
Nicasio, CA 94946

by Nicasio School

RE: APN:121-050-43, 5555 Nicasio Valley Rd., Nicasio L15116

Dear Mr. Lohwasser:

A routine inspection was performed on the above referenced septic system on November 22, 2017 by this division in conjunction with your consultant, Mr. Pearce, of AYS Engineering Group. The septic system appeared to be operating satisfactorily at the time, and the system was purged and adjusted by Mr. Pearce on that date. (See attached report).

While performing the inspection, an abandoned well was noted in the enclosure of the control panel, which is too close to the septic and sump tanks. This well should be properly destroyed under permit from this division. Please contact Scott Callow, REHS of this office at (415) 473-6667 to obtain a permit for the destruction of the abandoned well. The process of well abandonment must be done by a licensed C-57 well driller, attached you will find a list of licensed well drillers operating in this county. Please make arrangements to have this done as soon as possible, in that an abandoned well too close to a septic system may contribute to groundwater pollution.

Thank you for your cooperation in this matter.

Sincerely,

Gwendolyn R. Baert, REHS
Senior Environmental Health Specialist

C AYS Engineering Group PO Box 5693 Petaluma, CA 94955
Scott Callow, Marin County EHS

Enclosures

NICASIO SCHOOL DISTRICT

MEMO

DATE: January 31, 2018

TO: Nicasio School District Board of Trustees; Nancy Neu, Superintendent

FROM: Margie Bonardi, Interim CBO

RE: Prop 39 Funding and Project status - Update

Marin County Community Development Representative, Dana Armanino, filed a revised Prop 39 Energy Plan with the CEC. The revision included more thermostat units at a greater cost.; new units will be Wi-Fi capable and remotely programmable.

The revision to the district's plan has been approved. There are currently two quotes to replace the units.

Original Memo to Board - February 2, 2017

I had an opportunity to speak with the Marin County Community Development Agency representative, Dana Armanino. I was following up on an email the district received this past August outlining next steps for district identified energy projects. Also included was the most current spread sheet listing current district allocations (attached). As you will see, Nicasio's current allocation is \$ 66,419.

Dana also wanted to be sure districts understood the important deadlines for both district projects and funding requests. As of today, Nicasio has identified three (3) projects:

1. Lighting improvements (completed - Cost \$ 8,745))
2. Replacement of thermostats (status: project as reported to CEC will need to be updated to include more units and greater cost. Current quote will be updated).
3. Heater replacement: (status: questions were raised with vendor; will the district be able to justify cost savings with newer heaters. Currently, all but one heater does not heat water).

Any project in addition to the three listed above, will need to be submitted to CEC for approval.

IMPORTANT DEADLINES

- **August 1, 2017** - the CEC has just announced that this is the date by which a district can submit an Energy Expenditure Plan. So if you have not yet submitted your final plan to access all of your funding, you will need to get on that as soon as possible.
- **June 30, 2018** – LEA's final encumbrance date – As defined by the Dept of Education, an encumbrance is "a commitment in the form of a purchase order or offer to buy goods or

services". Basically, you have until June 30, 2018 to either submit a purchase order for equipment or sign a contract to install a project.

- **June 30, 2020** – final date by which all projects must be completed
- **June 30, 2021** – Final date by which final reports must be submitted



5555 Nicasio Valley Road, Nicasio, CA 94946
☎ 415.662.2184 / 📠 415.662.2250 / www.nicasioschool.org

January 31, 2018

Ron Brown, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive Room 275
San Rafael, CA 94903

Dear Mr. Brown,

Following is the response from Nicasio School District to Recommendation R4 of the 2016-17 Marin County Civil Grand Jury Report Entitled "Overcoming Barriers to Housing Affordability" published April 12, 2017.

R4: "Each school district should investigate building teacher and staff workforce housing on their land."

Response:

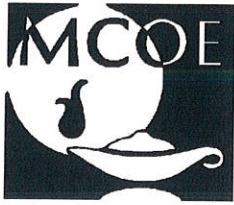
The topic of teacher and staff workforce housing is complex and has the potential to benefit all districts countywide. Nicasio School District agrees that there is a shortage of affordable housing for school employees. The district does not own surplus property, however, and is therefore not in the position to develop teacher and staff workforce housing at the present time.

The district appreciates the Grand Jury's ongoing efforts to ensure excellence in public education.

Sincerely,

Michelle Rutledge, President
Nicasio School District

Nancy Neu
School District Superintendent



MARIN COUNTY OFFICE OF EDUCATION

Agenda Item # 10a

1111 LAS GALLINAS AVENUE/P.O. BOX 4925
SAN RAFAEL, CA 94913-4925
marincoe@marinschools.org

MARY JANE BURKE
MARIN COUNTY
SUPERINTENDENT OF SCHOOLS

(415) 472-4110
FAX (415) 491-6625

January 16, 2018

Ms. Michelle Rutledge, President
Nicasio School District
P.O. Box 513
Nicasio, CA 94946

Dear Ms. Rutledge:

Our office has completed its review of the Nicasio School District's first interim budget report for 2017-18 in compliance with the provisions of Education Code 42131(a)(2). The Code requires the County Superintendent to approve or disapprove interim report certifications after:

Examining the report to determine whether it complies with the standards and criteria established pursuant to Education Code 33127.

Determining whether the first interim budget will allow the district to meet its financial obligations during the current fiscal year and is consistent with a financial plan that will enable the district to satisfy its multi-year financial commitments.

Based upon our review, the Board's POSITIVE certification of the first interim budget report has been approved. Nonetheless, the District's projected decline in ending fund balance is threatening the District's fiscal solvency, as described throughout this letter. Specifically, at the current rate of deficit spending the District's reserves could be below the minimum requirement in 2020-21.

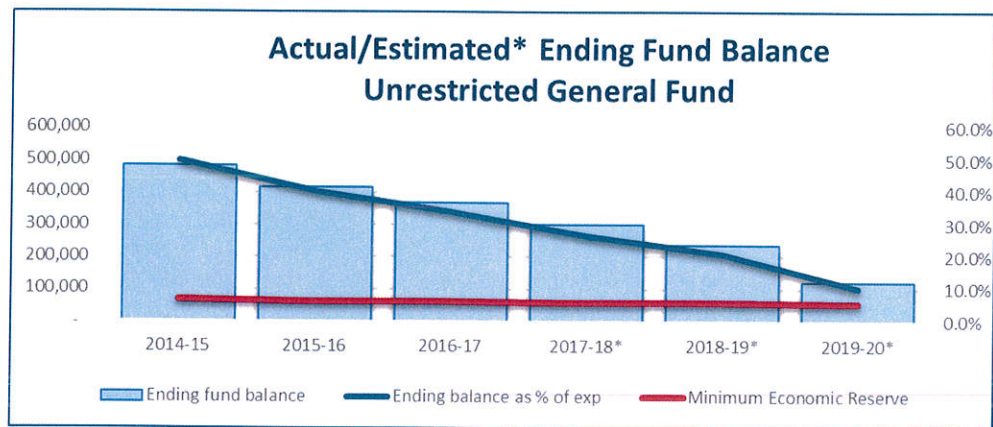
2018-19 GOVERNOR'S BUDGET PROPOSAL

On January 10th, the Governor released his 2018-19 Budget Proposal with an increase of \$3.1 billion in Proposition 98 funding for schools for a total of \$78.3 billion, a new all-time high for Proposition 98 funding. The budget assumes the continued expansion of the economy, however, the Governor notes that by the end of the 2018-19 fiscal year, this economic expansion will have matched the longest in modern history. A moderate recession could drop state revenues by over \$20 billion annually. The Governor also points out the Budget Proposal demands caution and prudence against mounting uncertainties especially as "California's relationship with the federal government has never been more uncertain". To that end, the Governor proposes fully funding the Rainy Day Fund as the best tool available to guide the state through the next, inevitable, recession.

The Governor's Budget proposes fully funding the Local Control Funding Formula (LCFF), two years ahead of schedule. To improve student achievement and transparency, the Budget proposes requiring school districts to create a link between their Local Control and Accountability Plans (LCAPs) and their budgets to show how increased funding is being spent to support students of higher need. The Budget Proposal also includes \$1.8 billion in one-time Proposition 98 funding for all school districts equal to approximately \$300 per pupil, with these funds intended to offset any mandate reimbursement claims. These funds may be used at local discretion to support critical investments such as content standards implementation, technology, professional development, induction programs for beginning teachers, and deferred maintenance, or any other locally determined need.

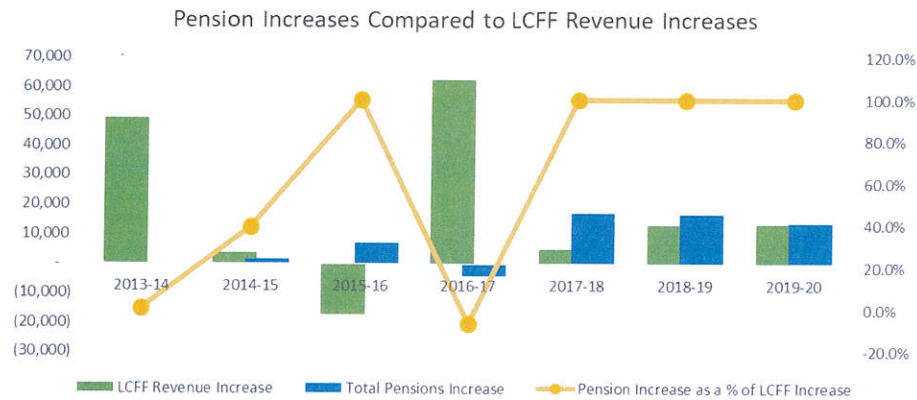
BUDGETARY POSITION FOR NICASIO SCHOOL DISTRICT

The District's first interim budget and multi-year projection reports an unsustainable decline in budgetary position. The following graph depicts the District's estimated ending balance in the first interim budget and multi-year projection for the unrestricted general fund, with both the state required minimum reserve and the District's actual reserve as a percentage of total expenditures.



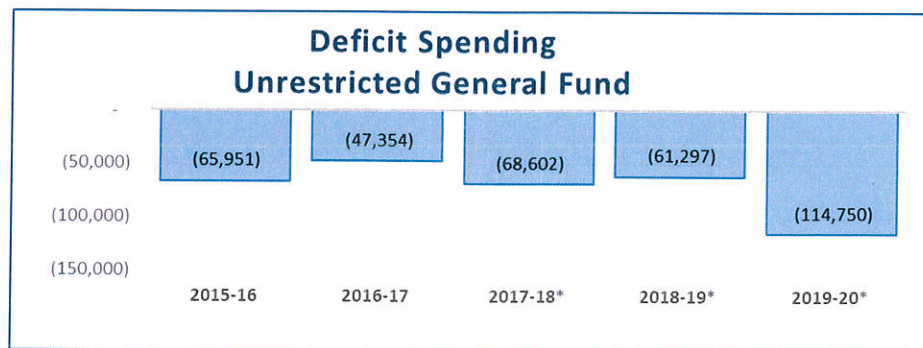
The last several years have seen substantial one-time revenues that have helped in meeting the many competing demands; however, the one-time nature of these revenues will not support ongoing costs over time. Nevertheless, the Governor's budget proposal includes approximately \$300 per average daily attendance (ADA) in one-time revenues.

The District's financial position is under increasing pressure from retirement system increases, obligations under the Local Control Funding Formula (LCFF) supplemental grant as well as natural inflation. The following chart reflects the historical and budgeted change in LCFF funding, including local property taxes, compared to the change in retirement system costs. The drop in pension increases reported for 2016-17 was because the Nicasio school principal was a contracted service rather than a salary in that fiscal year.



OPERATING DEFICITS

The District's first interim budget and multi-year projection continues to reflect operating deficits in the unrestricted general fund as displayed in the chart below.



The cumulative impact of this projected deficit spending is a 67% decline in fund balance over the current plus two subsequent years, leaving the District with reserves of \$123 thousand or 10% of general fund expenditures at June 30, 2020. While some deficit spending may be a result of one-time costs from prior year funding sources, ongoing structural deficits threaten a school district's future educational programs. Districts that wait too long to address and correct structural deficits are forced to make dramatic corrections all at once. In contrast, carefully planned and phased-in structural corrections lessen the impact on children.

The District will soon begin developing the 2018-19 budget and multi-year projection, casting forward an additional year. Absent any changes, the District's reserves could be below the minimum requirement of 5% in 2020-21 when projecting an additional year at the same rate of deficit spending.

FEDERAL BUDGET

The federal budget proposal for fiscal year 2018, funding 2018-19 programs for California school districts, proposed a reduction in Title I and the complete elimination of the Title II program. As a result, most districts are anticipating a reduction in federal revenues in the multi-year projection. At this time, the federal government has not yet approved the budget, and is operating on a continuing resolution that essentially leaves program funding frozen at fiscal year 2017 funding levels. We continue to monitor events in Washington to see if the deeper cuts to the education budget for K-12 public schools in the preliminary federal budget proposal for 2018-19 will materialize, including the potential impact from the recently approved federal Tax Reform Act.

CASH FLOW

We note the District's Tax Anticipation Note (TAN) for the 2017-18 fiscal year has been approved by the Board of Supervisors thereby authorizing borrowing in the general fund from the County of Marin for the minimal cost of the treasury interest rate.

RESERVES

The District maintains the state-required minimum reserve for economic uncertainty of \$66,000 in the current and two subsequent years. As noted above, the district's current deficit trend is threatening its ability to maintain minimum reserves across multiple years. All school districts, whether state aid or community funded, are well advised to establish higher than minimum reserves in order to provide for the financial flexibility to absorb unanticipated expenditures without significant disruption to educational programs, cash flow deferrals and general economic uncertainties. Higher than minimum reserves allows the District to better ensure a consistent and stable program offering for students.

CONCLUSION

We thank Margie Bonardi for her timely submission of the first interim budget using the statutorily required forms. If you have any questions, please do not hesitate to contact me or Kate Lane at 415-499-5822.

We appreciate your dedication and service to the children of Marin County. Due to your good fiscal stewardship, the children of Marin County will continue to experience quality education now and in the future.

Sincerely,

MARY JANE BURKE

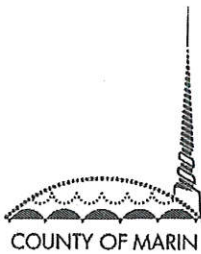
Marin County Superintendent of Schools



TERENA MARES

Deputy Superintendent

cc: Dr. Nancy Neu, Interim Superintendent
Margie Bonardi, Interim Chief Business Official



DEPARTMENT OF FINANCE

Excellent and responsive fiscal leadership.

Roy Given, CPA
DIRECTOR

Mina Martinovich, CPA
ASSISTANT DIRECTOR

Board of Supervisors
County of Marin
Civic Center
San Rafael, CA 94903

December 12, 2017



Marin County Civic Center
3501 Civic Center Drive
Suite 225
San Rafael, CA 94903
415 473 6154 T
415 473 3680 F
CRS Dial 711
www.marincounty.org/dof

Subject: 2017/2018 Annual Statement of Investment Policy

Dear Board Members:

Recommendation: Pursuant to Government Code Section 53646, the following are submitted for review and approval:

- 2017/2018 Annual Statement of Investment Policy for funds managed by the Treasurer's office for the County, schools, college and Special Districts; and
- 2017/2018 Marin County Long-Term Investment Pool Policy for funds managed by the Treasurer's office for the Marin County General Fund;

The only change is on Page 9, Section 14 of the Annual Statement of Investment Policy.

Summary: The 2017/2018 Annual Statement of Investment Policy has been reviewed and monitored by the County Treasury Oversight Committee. The committee's membership is listed below. The authority for the committee and their responsibilities are contained in Government Codes sections 27130-27137.

Additionally, the 2017/2018 Annual Statement of Investment Policy is reviewed and monitored monthly by Fitch Ratings, an independent rating agency. Their report is attached. We continue with a rating of AAA/S. The County's AAA rating has been maintained since 1994. The rating received is reflective of the outstanding work of the Treasury unit.

Alternative Recommendation: N/A

Reviewed by: ☒ Finance Department ☐ N/A
☐ County Counsel ☒ N/A
☒ Administrator ☐ N/A

Respectfully submitted,

Roy Given
Director of Finance

cc: Treasury Oversight Committee:

Matthew Hymel, County Administrator

Dan Eilerman, Alternate Representative, County Administrator

Mary Jane Burke, Marin County Superintendent of Schools

Dan Hom, Special Districts Representative

Paul Johnson, School Districts Superintendent Representative

Jean Bonander, Public Member

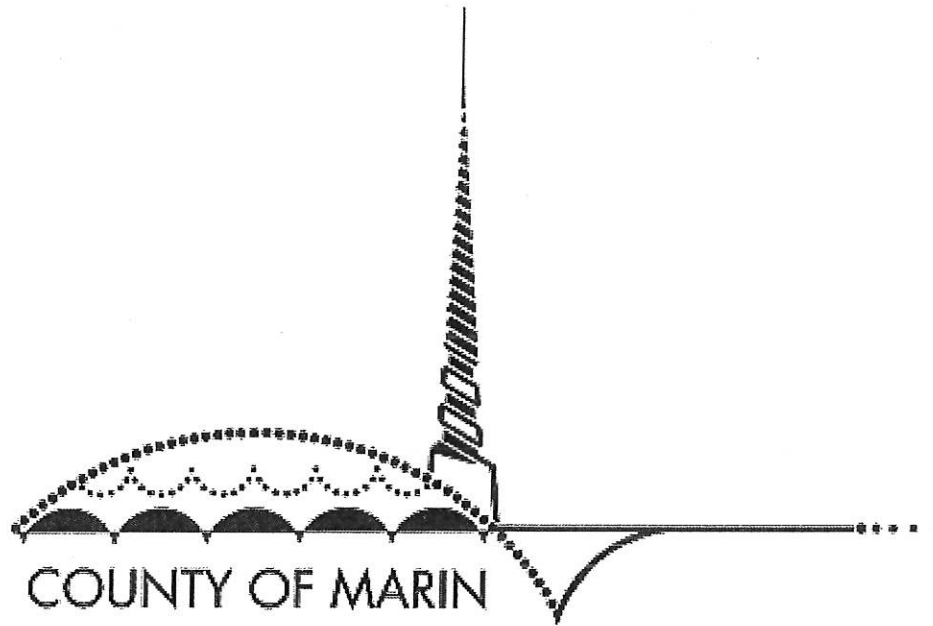
Roy Given, Director of Finance

Marin County School Districts

Special Districts

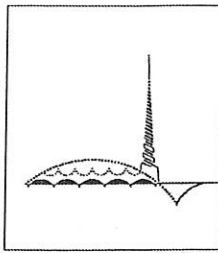
MCERA

STATEMENT OF INVESTMENT POLICY



***Department of Finance
Roy Given, Director***

Fiscal Year 2017-2018



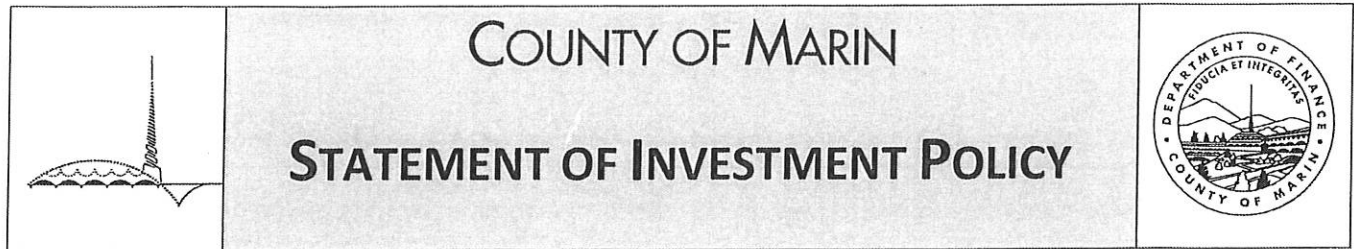
COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



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Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin:

I. OBJECTIVES:

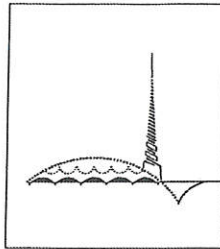
All funds on deposit in the County Treasury shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements;
- (c) A **rate of return** consistent with the above objectives.

2. PARTICIPANTS

Participants in the Marin County Pool are defined as Marin County, Marin Public School Agencies, Marin Community College, Marin County Office of Education, districts under the control of the County Board of Supervisors, autonomous/independent districts whose treasurer is the Director of Finance and any other district or agency approved by the Board of Supervisors and the Director of Finance using the County of Marin as their fiscal agent.

- (a) **Statutory participants** are those government agencies within the County of Marin for which the Marin County Treasurer is statutorily designated as the Custodian of Funds.
- (b) **Voluntary participants** are other local agencies that may participate in the Pooled Investment Fund, such as special districts and cities for which the Marin County Treasurer is not statutorily designated as the Custodian of Funds. Participation is subject to approval by the Director of Finance, and in accordance with California Government Code Section 53684.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day to day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

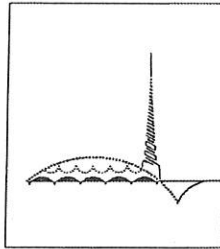
All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the participants.

4. BIDS & PURCHASE OF SECURITIES

Prior to the purchase of an investment pursuant to this policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker/dealers, and the media. Bids for various investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor and thirdly, yield. Investments in commercial paper, bankers acceptances and certificates of deposit for each issuer shall be limited to five percent (5%) of Treasury assets, determined using the Treasury balance at the time of purchase, except that investments in overnight commercial paper shall be limited to seven percent (7%) of Treasury assets for any one issuer. The investment selected for purchase shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All security transactions shall be documented at the time the transaction is consummated.

5. TERM

Maturities of investments in the Marin County Treasury Pool shall be selected based upon liquidity requirements. The maximum remaining term to maturity for an investment shall be three (3) years; except that, subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. of the California Government Code, the Director of Finance may authorize investments in U.S. Treasury obligations and/or U.S. and local agency obligations with a maximum remaining term to maturity that shall not exceed five (5) years. The weighted average maturity of the investment pool, to be determined at the time of purchase, shall not exceed 540 days to final maturity/call.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



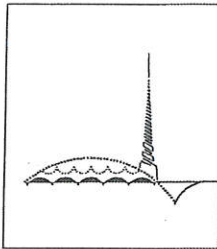
Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pool provided the Director of Finance obtains written approval from the governing board of the County, School District or Special District. No investment shall have a remaining maturity in excess of five (5) years.

Proceeds of Debt Issues set aside for repayment of any County, School District, or Special District financings shall not be invested for a term that exceeds the term set forth in the financing documents.

6. **ALLOWED INVESTMENTS**

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may invest in the following subject to the limitations as set forth:

- (a) **United States Treasury obligations.**
- (b) **United States Agency obligations.**
- (c) **Securities of U.S. Government Agencies & Instrumentalities**
- (d) **State of California Bonds and Registered Warrants.**
- (e) **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.
- (f) **Bankers acceptances** not to exceed one hundred eighty (180) days to maturity or at the time of purchase thirty percent (30%) of the treasury fund balance.
- (g) **Commercial paper** of "prime" quality of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's Corporation, to be chosen from among corporations organized and operating within the United States with assets in excess of \$500,000,000.00 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed two hundred seventy (270) days in maturity and may not exceed forty percent (40%) of the treasury fund balance.
- (h) **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank selected on the basis of financial stability and credit rating criteria employed by the County Director of Finance. Negotiable certificates of deposit may not exceed thirty percent (30%) of the treasury fund balance.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



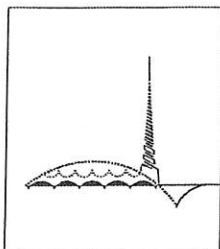
i) **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association selected on the basis of financial stability, credit rating and reputation using criteria employed by the County Director of Finance fully collateralized at one hundred ten percent (110%) of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed securities at one hundred fifty percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

(j) **Medium-term Notes** rated "A" or better, to be chosen from among corporations with assets in excess of \$500,000,000.00 with a maturity not to exceed two years from the date of purchase. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the treasury fund balance.

(k) **Shares of beneficial interest issued by diversified management companies**, which are money market funds investing in securities and obligations as authorized by this investment policy. To be eligible for investment these companies shall attain the highest ranking or the highest letter and numerical rating provided by no less than two nationally recognized statistical rating organizations and have assets under management in excess of \$500,000,000.00. The purchase price may not include any commissions that these companies may charge, and the purchase of shares in any one mutual fund may not exceed ten percent (10%) of the treasury balance and the total invested may not exceed twenty percent (20%) of the treasury balance. Shares of beneficial interest issued by diversified management companies may include shares in investment trusts established under provisions of the California Joint Exercise of Powers Act.

(l) **Repurchase agreements** on any investment authorized by this investment policy where the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted daily. The County Director of Finance or designee must approve any collateral substitution by the seller, and any new collateral should be reasonably identical to the original collateral in terms of maturity, yield, quality and liquidity.

(m) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



(n) **Financial Institution Investment Accounts** All funds on deposit with the County shall be managed by the Director of Finance. The Director of Finance may, at his option, at the time of placement, place not more than five percent (5%) of the Treasury assets at the time of investment with a financial institution for the purpose of managing such funds. Securities eligible for purchase by the financial institution are limited to United States Treasury and Agency obligations with a "AAA" credit quality rating, must be held in the County's name in a third party custody account, may not have a remaining maturity in excess of three (3) years, and the account shall have an average maturity of 1.5 years or less. All security transactions shall be supervised and approved by designated staff on the Authorized Investor List.

Where a percentage limitation is specified for a particular category of investments, that percentage is applicable only at the time of purchase.

7. PROHIBITED INVESTMENTS

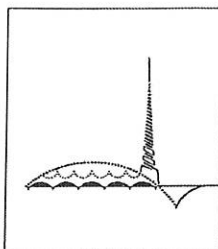
(a) The County Director of Finance **shall not invest** in any **Derivatives** such as inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages or any security bearing a rate of interest which is not known at the time of purchase.

(b) The County Director of Finance shall not invest any funds in any security that could result in **zero interest accrual** if held to maturity or where there is a risk of loss of principal when held to maturity.

(c) **Reverse repurchase agreements**, securities lending agreements and all other investments that are not specifically allowed by this investment policy are prohibited.

(d) In accordance with Marin County's Nuclear Freeze Ordinance Measure "A" (Exhibit 1) as approved by the voters on November 4, 1986, the County is prohibited from investing in securities or other obligations of any corporation or business entity which is a **nuclear weapons contractor**.

Furthermore, said corporations or business entities that the County Director of Finance does invest in must file an affidavit as required by Measure "A" Section VI. B certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors. A copy of each affidavit received shall be sent to the Peace Commission.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



8. BROKERS

Broker/dealers shall be selected by the Director of Finance upon recommendation by the Investment Officer or designated principal staff on the Authorized Investor List. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution and the reputation and expertise of the individuals employed. The Director of Finance shall be prohibited from selecting any broker, brokerage firm, dealer, or securities firm that has, within any 48 consecutive month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, any member of the Board of Supervisors, any member of the governing board of a local agency having funds held in the County Treasury, or any candidate for those offices. The broker/dealers shall be provided with and acknowledge receipt of the County Investment Policy.

9. WITHDRAWALS

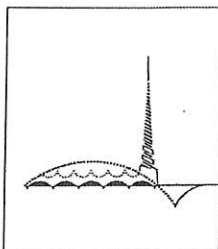
No withdrawals from the Marin County Pool shall be made for the purpose of investing and or depositing those funds outside the pool without the prior approval of the Marin County Director of Finance. The Director of Finance shall evaluate each proposed withdrawal to assess the effect the withdrawal will have upon the stability and predictability of the investments in the County Treasury. Approval shall be given unless the withdrawal will adversely affect the interests of the other depositors. Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. Notice in writing of at least five (5) business days shall be required for withdrawals in excess of \$250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

10. SWAPS

Securities can be swapped for other approved securities with similar maturity schedules to gain higher rates of return. When a swap involves a change in liquidity, future cash needs shall be conservatively estimated.

11. LOSSES

Losses are acceptable on a sale before maturity, and may be taken if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.



COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY



12. DELIVERY & SAFEKEEPING

Delivery of all securities shall be through a third party custodian. Non-negotiable certificates of deposit and notes of local agencies may be held in the Director of Finance's safe. The County's safekeeping agent shall hold all other securities. No security shall be held in safekeeping by the broker/dealer from whom it was purchased. Settlement payment in a securities transaction will be against delivery only, and a Due Bill or other substitution will not be acceptable. Persons authorized under section three (3) who did not originate the investment transaction shall review all confirmations for conformity with the original transaction. Confirmations resulting from securities purchased under a repurchase agreement shall state the exact and complete nomenclature of the underlying securities purchased.

13. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting whereby interest will be apportioned for the quarter in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

14. CONFLICT OF INTEREST

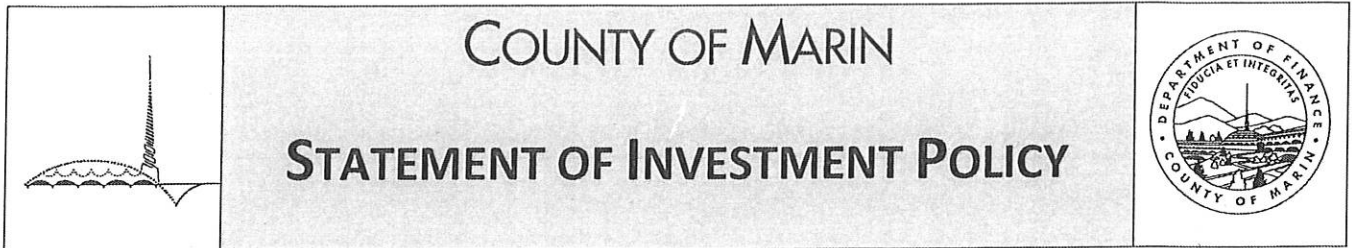
A member of the county treasury oversight committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

15. AUDITS

The County of Marin investment portfolio shall be subject to a process of independent review by the County's external auditors. The County's external auditors shall review the investment portfolio in connection with the annual county audit for compliance with the statement of investment policy pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Marin County Treasury Oversight Committee.

15.1 Compliance Audit: Government Code Section 27134

The Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasury's compliance with Article 6 of the Government Code. This audit may include issues relating to the structure of the investment portfolio and risk



16. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

17. REPORTS

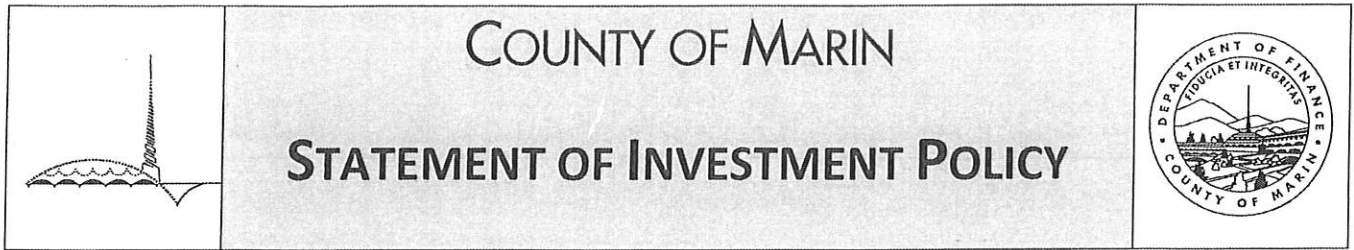
The Director of Finance shall prepare a monthly report listing all investments in the County Pool as of the last day of the month and a report of the average days to maturity and yield of investments in the County Pool. The Director of Finance shall also prepare a monthly report for all non-pooled investments. These reports shall be distributed to the Marin County Board of Supervisors, Superintendent of Schools, Marin Public School Agencies, Special Districts, non-pooled investors, the County's investment oversight committee, and any other participant upon request.

18. INVESTMENT POLICY

The County Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

19. TREASURY OVERSIGHT COMMITTEE

Consistent with State law the County has established a Treasury Oversight Committee. The Committee includes representatives from the County of Marin, Superintendent of Schools' Office, School Districts and Special Districts. The Committee shall review and monitor the Investment Policy as contained in California Government Code Sections 27130 – 27137.



20. DISASTER /BUSINESS CONTINUITY PLAN

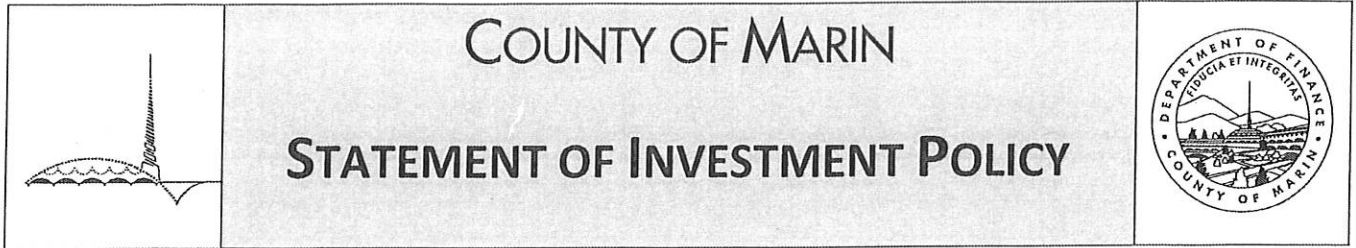
The County of Marin's banking and investment functions are mission critical and as such, the office must have a business continuity plan.

The goal of a disaster/business recovery plan is to protect and account for all funds on deposit with the county treasury and to be able to continue our banking and investment functions for all participants in the event of an occurrence (Earthquake, Fire, Pandemic or other event) which disrupt normal operations. Our plan provides for the ability to perform our banking and investment function at an off-site location under less than optimal conditions and, if needed, even outside our county.

In the event of an occurrence which precludes staff from being able to operate from our office, the attached plan (exhibit 2) will be activated. The plan includes:

- Scope
- Chain of Command
- Continuity Procedure
- Functions and Tasks to be performed
- Equipment and Emergency Packets
- Disaster Assignment
- Off-site locations

Normal processes may be modified in response to an occurrence. However, the county's investment policy shall be strictly followed.



Dated: July 1, 2017

Roy Given
Director of Finance

Reviewed and monitored by Marin Treasury Oversight Committee on
November 15, 2017

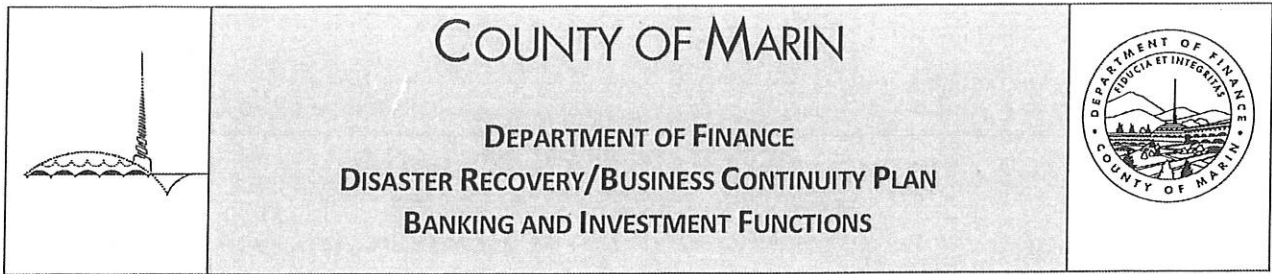
Approved by Marin County Board of Supervisors on
December XX, 2017

Attachments:

Exhibit 1 Marin County Nuclear Freeze Ordinance

Exhibit 2 Disaster/Business Continuity Plan

Exhibit 3 Authorized Investor List



Scope

The County of Marin's banking and investment functions are mission critical. As such, the Treasurer's office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the county and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in the order of "authorized persons" as identified in the Statement of Investment Policy, item 3.

Continuity Procedure

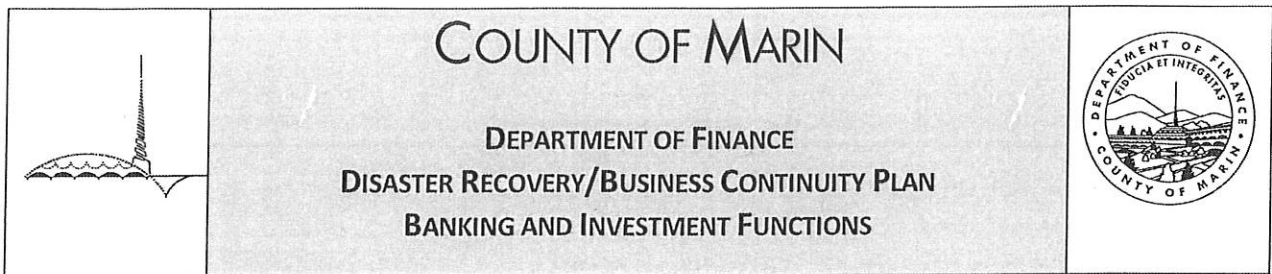
In the event we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cell to decide on the alternate location. If unable to contact one another, the authorized persons shall through the county's office of emergency services establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the county. While normal processes may be modified, the investment policy shall be strictly followed.

Tasks to be performed include:

- ◆ Daily cash work up
- ◆ Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear
- ◆ Daily cash and bank reconciliation
- ◆ For deposits, the treasurer's office will notify county departments, special districts and schools of any changes to their deposit location. Deposits to any account other than those established by the treasurer's office are prohibited.
- ◆ Disbursement activity will be coordinated with the County Director of Finance

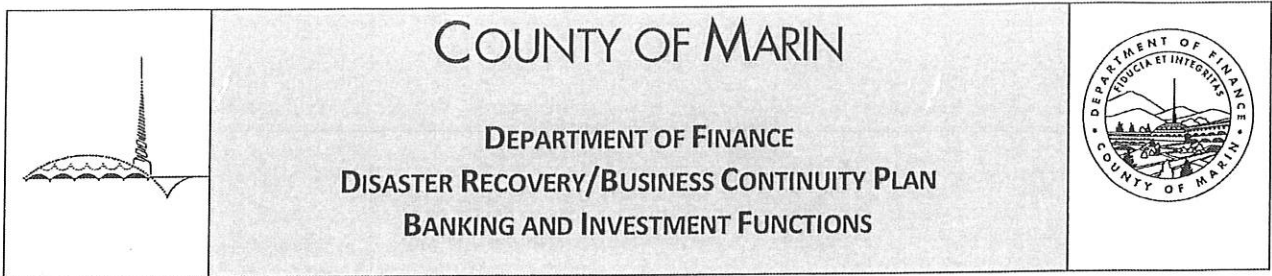


Equipment and Emergency Packets

The Authorized Investor List shall designate authorized staff to have the following equipment such that either of them may carry out the plan. In the event none of the authorized persons are able to respond, the county's office of Emergency Services shall have a copy of this plan in a secured location within their office. All policies and procedures of this plan shall be provided to the County Administrator and County Director of Finance.

The following equipment and items for the emergency packets are:

- ◆ Laptop with wi-fi connectivity
 - ◆ All software that is currently in use shall be loaded on each laptop and be set up for remote access.
 - ◆ Copy of the Investment Policy and the Disaster/Continuity Recovery Plan
 - ◆ Updated monthly report of investments
 - ◆ Sign on instructions to access the county's financial accounting system, online banking and securities safekeeping
 - ◆ Listing of the home phones and addresses, cell, email addresses of the "authorized persons" and treasury staff. Listings shall also include the County Administrator, County Director of Finance, County Counsel and the Office of Emergency Services.
 - ◆ Bank, Authorized Broker/Dealers, Bloomberg and Security Safekeeping names, contact numbers including fax and addresses
-
- ◆ All district, county and school bank signature cards
 - ◆ Contact names, numbers, email and addresses of each agency whose funds are held within the county.
 - ◆ Emergency check stock will be housed in the Office of Emergency Services located at 1600 Los Gatos Drive (50 checks)*



Disaster Assignment

The "authorized persons" in the treasurer's office including support staff are to be considered official Disaster workers and are assigned to support our Disaster/Business Recovery Plan. Each shall have on their possession their County of Marin Identification Card.

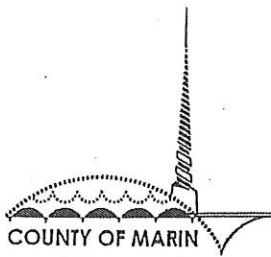
The level of disruption and assigned work location will be determined by the Director of Finance, or those individuals indicated on the Authorized Investor List. All related costs shall be absorbed by the Treasurer's office and reimbursed pursuant to Government section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such would put an individual in danger.

* Emergency checks are issued from a separate account which is linked to the County's main account. These checks are to be used only if this plan is activated and the county is unable to issue payments. Authorized signers for these checks are designated on the Deposit Account Documentation Signature Card and include the Director of Finance, those individuals authorized under the Authorized Investor List and the County Administrator. In the event that check stock cannot be accessed, electronic payments through the County's banking services can be originated.

Failing the ability to operate from our office, our operations will move in this order of priority:

- ◆ Location determined by the County Office of Emergency Services or County Administrator
- ◆ A bank operation center as authorized by our Global Banking Client Manager (which may be reside outside the County Marin)



TREASURER

DIVISION OF THE DEPARTMENT OF FINANCE

AUTHORIZED INVESTOR LIST COUNTY OF MARIN

FY 2017-2018

Effective: Oct 1, 2017

Investment Purposes:

1. To make investment decisions
2. To recommend brokers
3. To perform a review of the investment function

Authorized Persons:

Authorized to make investment decisions for with a maturity of up to five years:

- Roy Given * Director of Finance

Authorized to make investment decisions for with a maturity of up to three years:

- Karen Shaw * Division Chief, Finance
- Mina Martinovich Assistant Director of Finance

Authorized to make investment decisions for short term investments with a maturity of up to six months (180) days:

- Sandra Arebalo * Senior Accountant –Treasury

Authorized to make investment decisions for short term investments with a maturity of up to ninety (90) days:

- Anu Bagchi Division Chief, Accounting

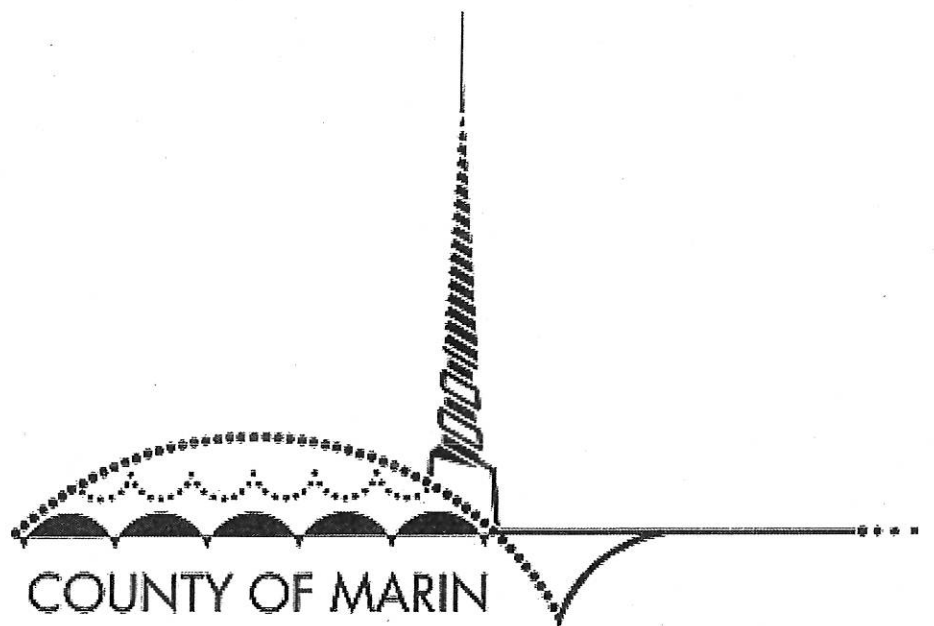
**Authorized for equipment and emergency packets as defined under the Disaster/Business Continuity Plan*

Approved:

Roy Given
Director of Finance

Date

MARIN COUNTY LONG-TERM INVESTMENT POOL
STATEMENT OF INVESTMENT POLICY



Department of Finance
Roy Given, Director

Fiscal Year 2017-2018

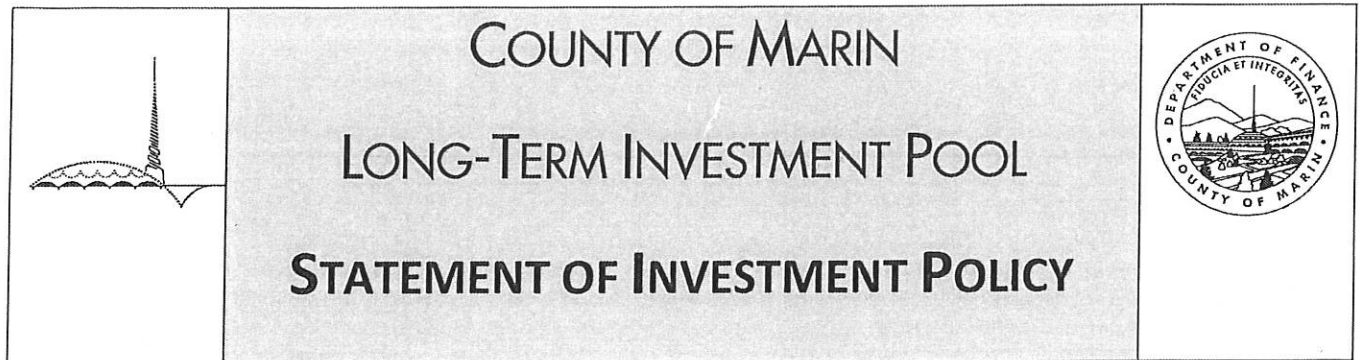
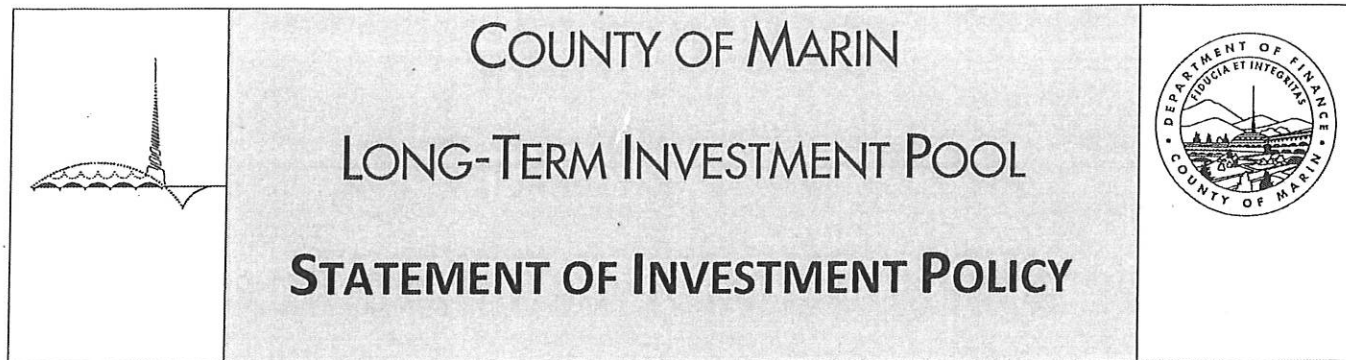


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Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin Long-Term Investment Pool:

I. OBJECTIVES:

All funds on deposit in the Marin County Long-Term Investment Pool shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

- (a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;
- (b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements that may be reasonably anticipated; and
- (c) Attaining a market **rate of return** throughout budgetary and economic cycles, consistent with the above objectives.

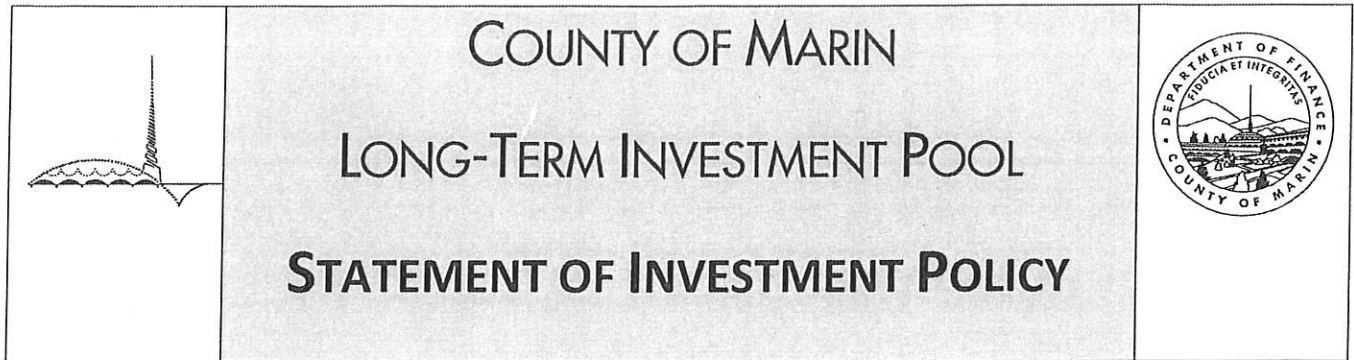
2. PARTICIPANT

The participant in the Marin County Long-Term Investment Pool is the Marin County General Fund.

3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the participant.



4. INVESTMENTS

Prior to investing pursuant to this policy the persons authorized to make investments shall assess the market and market pricing information obtained from available sources and the media. Investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor, and thirdly, yield. Any investment selected shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All transactions shall be documented at the time the transaction is consummated.

5. TERM

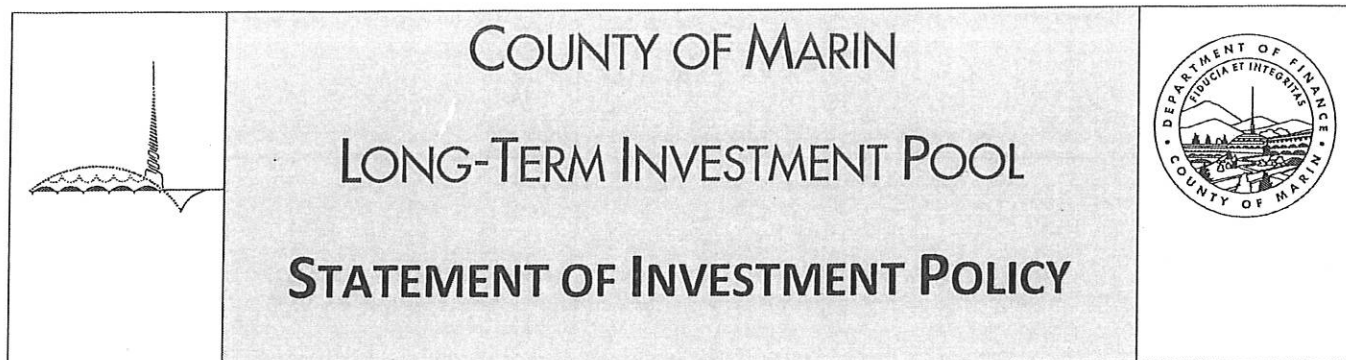
Pursuant to California Government Code Section 53601, where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment. The approval of this Long Term Investment Policy on an annual basis by the Legislative Board (Marin County Board of Supervisors) authorizes investments of no more than 10 years for bonds, notes, warrants, or other evidences of indebtedness of a local agency within the County of Marin, including bonds or notes payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County, or by a department, board, agency, or authority of the County.

6. ALLOWED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may directly purchase the following, subject to the limitations as set forth:

Bonds, Notes, Warrants or other evidence of indebtedness of a **local agency** within the County of Marin, California.

The interest rate of any indebtedness pursuant to the preceding paragraph shall be based on the key rate of Prime plus 2 percent as determined by Bloomberg on the date the Department of Finance approves the purchase of the indebtedness.



7. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to the General Fund annually based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting, whereby interest will be apportioned for the year in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

8. CONFLICT OF INTEREST

The Director of Finance and County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other person with whom the County Treasury conducts business, that are in violation of *state* law.

9. AUDITS

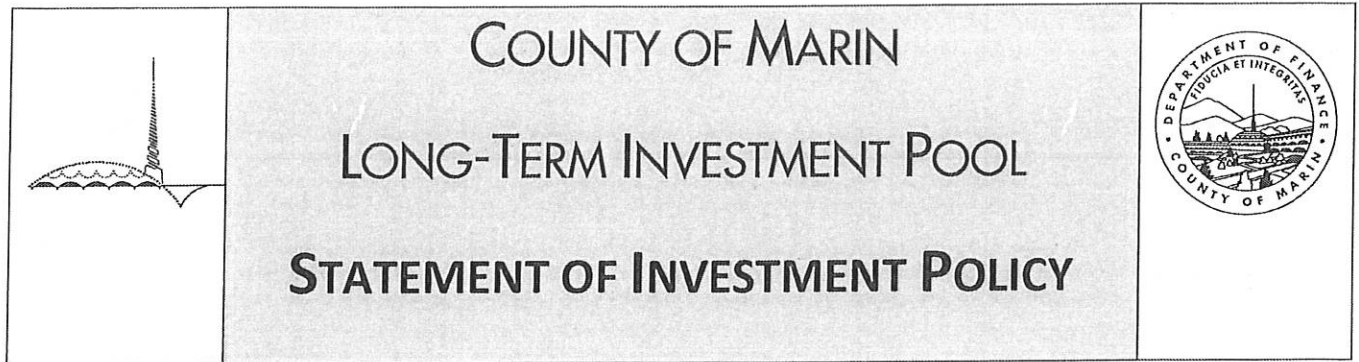
The County of Marin investment portfolio, which includes both the County of Marin investment pool and the Long-Term investment pool, shall be subject to a process of independent review by the County's external auditors. Such audit will include tests deemed appropriate by the auditor pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Board of Supervisors.

10. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

11. REPORTS

The Director of Finance shall prepare an annual report, listing all investments in the County Pool as of the last day of the fiscal year and a report of the average days to maturity and yield of investments in the County of Marin Long Term Investment Pool.



12. INVESTMENT POLICY

The Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

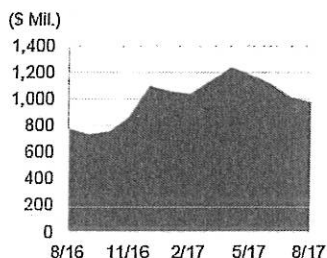
Marin County Investment Pool

Full Rating Report

Pool Characteristics

Fitch Rating	AAA-/S1
Inception Date	Circa 1950
Investment Advisor	Marin County Director of Finance
Assets (\$)	976,000,000

Assets Under Management



Source: Fitch Surveillance Data,
Marin County.

Key Rating Drivers

High Quality Credit Portfolio: The Marin County Investment Pool (the pool) invests primarily in U.S. government obligations and registered money market funds rated 'AAAmf' by Fitch Ratings or equivalent. The pool also currently invests a small amount in the Local Agency Investment Fund (LAIF), a local government investment pool (LGIP) managed by California's Pooled Money Investment Board.

Liquidity Management Supports Predictable Flows: The maturity profile of the pool is managed to meet anticipated cash flow needs of the pool's participants. By its investment policy, the pool seeks to maintain adequate cash on hand to meet cash disbursements and payroll through maturing investments. Cash flow projections are an integral part of the overall cash management responsibilities of the pool administrator.

Low Sensitivity to Market Risk: The pool employs a cash flow-matching investment strategy to structure investment maturities to coincide with conservative expectations of draws on the portfolio. The pool has historically benefited from highly predictable cash outflow needs of the pool's participants, the majority of which are captive in nature. Market risk is mitigated by the duration of the pool, which typically is two years or less, as well as the predictable nature of the cash outflows of the largely captive participant base.

Stable Investor Base: The pool is managed on behalf of the pool participants, which are largely captive in nature and include Marin County (the county), school districts, trial courts, recreation and park districts, libraries, landfills and other special districts.

Oversight Decreases Operational Risk: Portfolio oversight and operational controls are consistent with the assigned ratings. The pool is organized and invested in accordance with the state of California government code section 53600 and section 53639 and is not registered under federal law. A treasury oversight committee reviews the pool on a regular basis. The pool is also subject to quarterly and annual audits from external auditors.

Industry Standard Administration and Systems: The county treasurer's office uses appropriate systems for investment, administration, portfolio management and trading. Processes provide decision-making tools for risk analysis and investment-allocation tools.

Analysts

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FitchRatings Fund and Asset Manager Rating Group

Rating Rationale

The Marin County Investment Pool is rated 'AAA-/S1' by Fitch. The 'AAA-' Fund Credit Quality Rating reflects the investment portfolio's vulnerability to losses as a result of defaults in its bond holdings and is based on the actual and prospective average credit quality of the portfolio's investments. The 'S1' Fund Market Risk Sensitivity Rating reflects the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates, as well as certain other market risk parameters and taking into account the effects of leverage, where applicable.

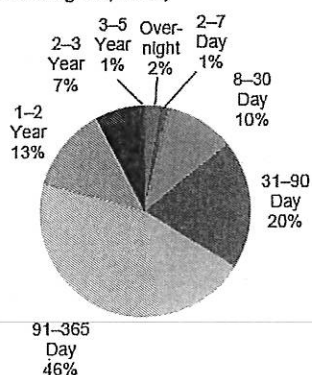
Fitch's evaluation of the pool also considers the management and operational capabilities of the Marin County treasurer's office and the legal and regulatory framework under which the pool operates.

Organizational Overview

The county of Marin is located in Northern California. The pool is managed by the Marin County director of finance on behalf of the pool participants. Participants are defined as: Marin County; Marin public school agencies; Marin Community College; the Marin County Office of Education; districts under the control of the county board of supervisors and autonomous/independent districts, whose treasurer is the Marin County director of finance and any other districts or agencies approved by the board of supervisors and the county treasurer, using Marin County as their fiscal agent.

The pool's investment policies are reviewed periodically by the treasury oversight committee, consisting of representatives from Marin County, the superintendent of schools' office and school and special districts. The pool is also subject to an annual external financial audit performed by an independent certified public accounting firm in addition to a quarterly cash count verifying cash and investment balances. There are daily and monthly reconciliations of records with the custodian.

Maturity Distribution (As of Aug. 31, 2017)



Source: Marin County Investment Pool.

Pool's Objectives and Investment Practices

The pool's primary investment objective is preservation of capital. The secondary objective is to maintain sufficient liquidity to enable participants to meet their operating requirements. The tertiary objective of the pool is to obtain a rate of return consistent with the first two objectives.

The pool seeks to pursue its investment objectives by investing in a diversified portfolio of high-quality debt securities rated at least 'A/F1' by Fitch or equivalent. Permitted investments include U.S. Treasury and government agency securities and state of California bonds, as well as registered warrants, bankers' acceptances, commercial paper, negotiable certificates of deposit, time deposits, medium-term notes, shares of money market funds, repurchase agreements and the LAIF. Under the pool's investment policies, the use of reverse repurchase agreements or securities lending programs is not permitted. Additionally, in accordance with Marin County's Nuclear Free Zone Ordinance No. 3502 Measure A, the county is prohibited from investing in securities or other obligations of any corporation or business entity that is a nuclear weapons contractor.

Asset Credit Quality

According to the pool's investment policy, eligible money market instruments must be rated at least 'A/F1' by Fitch or equivalent, except for LAIF, which is not rated.

Related Criteria

Global Bond Fund Rating Criteria
(August 2016)

The pool restricts concentrations in any one issuer (other than the U.S. government and its agencies) to a maximum of 5% of total assets to minimize single-issuer exposure. Repurchase agreements are entered into only with counterparties rated at least 'A/F1' by Fitch or equivalent and are 102% collateralized by U.S. government securities.

Liquidity Management

The pool has daily access to its investments in money market funds and LAIF to meet daily withdrawal requirements and cash outflows. In addition, the pool maintains a significant position in U.S. government agency securities, which are expected to demonstrate secondary market liquidity even during periods of market stress.

To meet liquidity targets and minimize exposure to interest rate changes, the pool uses a laddered investment strategy across a short maturity spectrum. The pool also employs a cash flow-matching investment strategy to structure investment maturities to coincide with conservative expectations of draws on the portfolio. The pool has historically benefited from highly predictable cash outflow needs of the pool's participants. The stability of cash flow projections is based on the pool's composition, as many participants are captive in nature and thereby required to maintain funds in the county pool. The pool's anticipated redemptions include payroll and benefit payments, accounts payable, debt services and other planned expenditures.

Furthermore, no withdrawals from the pool can be made for the purposes of investing those funds outside the pool without prior approval of the Marin County director of finance. An approval can be given as long as such a withdrawal does not negatively affect the interests of other participants. A notice of withdrawal is required to be made in writing at least 10 days prior to the proposed withdrawal date. A notice of withdrawal in writing of at least five business days is required for withdrawals in excess of \$250,000 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

Duration Management

By investment policy, the pool must maintain an average maturity of less than 540 days and is not allowed to purchase securities with maturities greater than three years. However, the director of finance may authorize the purchase of U.S. government agency obligations and U.S. Treasury obligations with final maturities of five years or less.

FitchRatings Fund and Asset Manager Rating Group

Operational Assessment

✓ Pass

● Attention Required

x Fail

Service Providers

Investment Advisor ✓ Marin County Director of Finance

Investments

Composition ✓ Permitted investments include U.S. Treasury and government agency securities, state of California bonds, registered warrants, bankers' acceptances, commercial paper, negotiable certificates of deposit, time deposits, medium-term notes, money market funds, repurchase agreements and LAIF. LAIF is the California state investment pool, managed by the state treasurer's office.

Auditors ✓ In accordance with the California government code, an investment oversight committee performs an annual audit. An additional treasury oversight committee is responsible for ensuring the pool's compliance with its investment policy. The committee meets twice a year and consists of five members; two school districts, one member of the county at large, one county administrator and one member from a special district.

Liquidity Management ✓ By its policy, the pool maintains adequate cash on hand to meet cash disbursements and payroll through maturing investments. Cash flow projections are an integral part of the overall cash management responsibilities of the treasury division.

Regulation and Governance

Governance ✓ The County of Marin investment portfolio shall be subject to a process of independent review by the county's external auditors. The county's external auditors review the investment portfolio in connection with the annual county audit for compliance with the statement of investment policy pursuant to government code section 27134. The results are reported annually to the director of finance and the Marin County treasury oversight committee. The treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with Article 6 of the government code. This audit may include issues relating to the structure of the investment portfolio and risk.

Control Framework ✓ Compliance controls are in place to ensure adherence with investment guidelines.

Disclosure and Transparency

Clear Strategy Representation ✓ The fund has a broad mandate that includes adherence to Marin County's Nuclear Freeze Ordinance Measure A as approved by the voters on Nov. 4, 1986. The county is prohibited from investing in securities or other obligations of any corporation or business entity that is a nuclear weapons contractor.

Level of Disclosure ✓ Good level of transparency: the county's website contains financial reports, investment policy and information on other policies pertinent to pool management.

Operations

Pricing Responsibility ✓ Securities are booked at purchase price and marked-to-market monthly by the pools' custodian, Wells Fargo Bank. The treasurer's office uses real-time pricing supplied by Wells Fargo, as custodian.

Technology ✓ Appropriate and integrated portfolio management system.

Back-Office Reconciliations ✓ Income apportionment to the participants is conducted on a quarterly basis after deducting the pool's expenses according to specified sections of the California government code.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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Agenda Item # 10c



EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

CERTIFIED MAIL NO.: 7003 – 3110 – 003 – 0769 - 1928
RETURN RECEIPT REQUESTED

DEC 11 2017

Ms. Julianne Polanco
California State Historic Preservation Officer
Office of Historic Preservation
1725 23rd Street, Suite 100
Sacramento, CA 95816

NATIONAL HISTORIC PRESERVATION ACT (NHPA) SECTION 106 CONSULTATION FOR
THE PROPOSED NICASIO SCHOOL DRINKING WATER SYSTEMS PROJECT
(UNDERTAKING), NICASIO SCHOOL DISTRICT (APPLICANT), MARIN COUNTY,
CALIFORNIA; DRINKING WATER STATE REVOLVING FUND (DWSRF) NO. 2100582-001C

Dear Ms. Polanco:

The State Water Resources Control Board's (State Water Board) Division of Financial Assistance (DFA) is initiating consultation under Title 54 United States Code (USC) § 306108, commonly known as Section 106 of the NHPA, and its implementing regulations found at 36 Code Federal Regulations (CFR) Part 800, for the subject project located in Nicasio, Marin County, California (Figure 1 in Enclosure 1).

DFA administers the DWSRF Program pursuant to 40 CFR Part 35. The Applicant is seeking funds from this program to assist in financing the Project. The United States Environmental Protection Agency (USEPA), Region 9 administers the DWSRF Program and authorizes capitalization grants to state agencies in Region 9, including the State Water Board. Issuance of DWSRF funds by the State Water Board is considered equivalent to a federal undertaking, thereby necessitating compliance with Section 106. The USEPA, Region 9 has delegated lead agency responsibility to the State Water Board for carrying out the requirements of Section 106 in a letter dated September 3, 2015 pursuant to 36 CFR Section 800.2 (c)(4).

The Undertaking is a type of activity that has the potential to cause effects to historic properties under 36 CFR § 800.3(a). We are entering into consultation with you on this undertaking and request your concurrence on a finding of no historic properties affected pursuant to the 36 CFR Part 800.4(d)(1).

Enclosed is a copy of *Cultural Resources Assessment of the Nicasio School Drinking Water Systems Project*, (Foster and Stevens 2017) prepared in November 2017 by the Nicasio School Water System for the proposed Project to comply with Section 106 requirements (Enclosure 1).

FELICIA MARCUS, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | www.waterboards.ca.gov

Project Description and Need

The Applicant is proposing to upgrade their treatment system with multimedia filters and on-site security to meet Safe Drinking Water Act standards and acquire a water supply permit. The system is currently served by 22 foot deep well located on the east bank of Nicasio Creek which has been determined to be Groundwater under the Direct Influence of Surface Water, and is therefore required to provide multibarrier treatment that includes disinfection and filtration, as well as daily monitoring of turbidity and chlorine residual. The project is located at the Nicasio School, 5555 Nicasio Valley Road, Nicasio; on the San Geronimo 7.5' United States Geological Survey (USGS) quadrangle. The project area is within Marin County, California and is shown on Figure 1 in Enclosure 1.

Area of Potential Effects (APE)

The APE for the proposed Project comprises less than one acre. The horizontal extent of the APE encompasses the space required for the installation of a new concrete pad measuring 12 feet by 14 feet (168 feet²), which will support a new storage shed, and less than 20 linear feet of trenching for pipeline connections to existing water storage tanks. Trenching and grading for the project will not exceed two feet in depth. Additional space for project access and materials staging is included within the APE and adjacent existing improved school parking area. (Figure 3 in Enclosure 1).

Cultural Resources Inventory

To comply with Part 800.4(b), the Applicant contracted the California State University, Sacramento Archaeological Research Center (ARC). The cultural resources study included a records search of files at the Northwest Information Center (NWIC) and Native American Heritage Commission (NAHC), Native American outreach, and field inspection. An archaeological literature and records search was conducted at the NWIC, of the California Historical Resources Information System housed at the Sonoma State University, on October 2, 2017 with a 0.5 mile buffer around the APE. The results of this search indicated that no cultural resource investigations were completed within the APE and eight studies had been completed within a 0.5 mile radius of the property. No cultural resources have been recorded within the APE; however, six prehistoric archaeological sites have been documented within a 0.5 mile of the APE Site CA-MRN-408 as mapped by the NWIC is approximately 40 meters north of the project area, however the verbal description in the original site record places it "immediately north of the new school..." (Jackson 1972).

On October 5, 2017, ARC Archaeologists, Brandon Foster and Nathan Stevens conducted a pedestrian survey of the APE. The existing water treatment structures are located within a chain link fence. The area within the chain link fence was intensively inspected on foot by both crew members. The surrounding area was also inspected due to its proximity to Nicasio Creek. Given the uncertainty of the location of CA-MRN-408, the area to the north and south of the area of direct impact was surveyed intensively. Archaeologists paid special attention to all areas of exposed soil, carefully examining them for artifacts, bones, or other cultural material. The results of the survey noted generally good ground surface visibility. The portion of Nicasio Valley that the Nicasio School occupies appears to have been graded prior to the construction of the school and its water treatment system. There appeared to be a layer of imported gravel fill within the fenced area housing the water treatment system. The survey did not identify cultural resources or evidence of intact anthropogenic soils.

Native American Consultations

ARC requested a Sacred Lands File (SLF) search and Native American Contact List from the NAHC. The NAHC responded by letter on September 19, 2017 stating that the SLF search returned negative results. On September 29, 2017 project notification letters were sent to all two individuals on the NAHC contact list, both from the Federated Indians of Graton Rancheria. The Tribal Historic Preservation Officer for the Federated Indians of Graton Rancheria responded to the notification on October 5, 2017, and will review the project.

Records of Native American tribal groups or individuals contacted and their responses are included in the enclosed report (Attachment C in Enclosure 1).

Description of Findings

The archaeological survey of the Nicasio School Drinking Water Project found no cultural materials within the APE. Surface conditions suggest that the area has undergone moderate ground disturbance in the past resulting from the construction of Nicasio School and its water treatment system. The extent of disturbance observed coupled with the negative results of the surface survey leave little potential for the presence of subsurface cultural resources within APE.

No historic properties were identified in the APE.

State Water Board Determination of Effects

The State Water Board has reached a determination that historic properties will not be affected by the undertaking. Therefore, the State Water Board is seeking your concurrence on the determination of "no historic properties affected" pursuant to 36 CFR Part 800.4(d)(1).

The State Water Board is respectfully requesting your response within 30 days of receiving this consultation request. Please contact Johanna Marty at 916-449-5603 or at Johanna.Marty@waterboards.ca.gov if you have any questions or concerns about the undertaking. You may also contact me directly at Wendy Pierce at 916-449-5178 or at Wendy.Pierce@waterboards.ca.gov

Sincerely,



Wendy Pierce
Senior Environmental Planner
Division of Financial Assistance

Enclosure (1):

1. *Cultural Resources Assessment of the Nicasio School Drinking Water Systems Project, Nicasio, Marin County, California*. Prepared by Brandon Foster and Nathan Stevens, Archaeological Research Center on behalf of the State Water Resource Control Board. November 2017.

cc: See next page

Ms. Polanco
Office of Historic Preservation

- 4 -

cc: without enclosures:

Elizabeth Borowiec
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