



Three Rivers Charter School

Special Board Meeting

Date and Time

Tuesday March 27, 2018 at 5:45 PM PDT

Location

101 C Boatyard Dr, Fort Bragg, CA 95437

Board meetings are held in public. The agenda provides any citizen an opportunity to directly address the Board under the section entitled "Community Comment" on any item under the subject matter jurisdiction of the Board that is not on the agenda. The Public will be provided an opportunity to address the Board on agenda items before or during the Board's deliberation. To request a matter within the jurisdiction of the Board be placed on the agenda of a regular meeting, please submit your request in writing to the School Director or Board President at least 10 days before the scheduled meeting date. Any writings distributed either as part of the Board packet, or within 72 hours of a meeting, can be viewed at the school: 1211 Del Mar Drive, Suite 301, Fort Bragg, CA 95437. In compliance with Government Code section 54954.2(a) Three Rivers Charter School will, on request, make agendas available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the school at (707) 964-1128 at least 72 hours prior to the meeting.

Agenda

	Purpose	Presenter	Duration
I. Opening Items			
A. Call the Meeting to Order		Jody Stickels	1 m
B. Record Attendance and Guests		Isabel Saldana	5 m
C. Changes to the Agenda?	Discuss	Jody Stickels	5 m
II. Community Comment			
A. Community Comment	Discuss	Jody Stickels	20 m

Each person wanting to speak may have 3 minutes to make their statements. The Board will not comment unless it is to quickly clarify a procedure, process or policy.

III. Discussion and Action Items

- | | | | |
|---|---------|---------------|------|
| A. Auditor Engagement Letter | Discuss | Roger Coy | 10 m |
| Review the Auditor engagement letter. | | | |
| B. Accept Auditor's Engagement Letter | Vote | Jody Stickels | 5 m |
| Approve and accept the auditor's engagement letter. | | | |

IV. Closing Items

- | | | | |
|---------------------------|-----|---------------|-----|
| A. Adjourn Meeting | FYI | Jody Stickels | 5 m |
|---------------------------|-----|---------------|-----|

Cover Sheet

Auditor Engagement Letter

Section: III. Discussion and Action Items
Item: A. Auditor Engagement Letter
Purpose: Discuss
Submitted by:
Related Material: TRCS Engagement Letter 2018.pdf

LLOYD CROSS
Certified Public Accountant
PO Box 508
Point Arena, CA 95468
707 292-0433
lloyd@crosscpa.biz

March 23, 2018
Roger Coy
Three Rivers Charter School
1211 Del Mar Drive
Fort Bragg, CA 95437

Dear Roger:

I am submitting this letter to describe the services I will provide and to explain Three Rivers Charter School's responsibilities regarding the audit of the Charter School for the year ended June 30, 2018.

I will audit the financial statements of Three Rivers Charter School, which comprise the statement of financial position as of June 30, 2018, the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements. Any supplemental information accompanying the financial statements will be subjected to the auditing procedures applied in my 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 the financial statements themselves, in accordance with generally accepted auditing standards in the United States of America, the standards for financial and compliance audits contained in the U.S. General Accounting Office (GAO) Government Auditing Standards, and the provisions of the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Educational Agencies, and I will provide an opinion on it in relation to the financial statements as a whole, in a report combined with my auditor's report on the financial statements.

Audit Objectives

The objective of my audit is the expression of an opinion 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 above when considered in relation to the financial statements taken as a whole. My 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 provisions of the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Educational Agencies, and will include tests of your accounting records and other procedures I consider necessary to enable me to express such an opinion. I will issue a written report upon completion of my audit of the Charter School's financial statements. My report will be addressed to the governing board of Three Rivers Charter School. I cannot provide assurance that an

unmodified opinion will be expressed. Circumstances may arise in which it is necessary for me to modify my opinion or add an emphasis-of-matter paragraph. If my opinion on the financial statements is other than unmodified, I will discuss the reasons with management in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed an opinion, I may decline to express an opinion or issue reports, or I may withdraw from this engagement.

I will also provide a report (that does not contain an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements and grants, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards. The reports on internal control and compliance will each include a statement that states the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during my audit I become aware that the Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, I will assist with preparation of your financial statements and related notes. 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. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services I provide. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements and related notes and that you have evaluated the adequacy of my services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities; for helping to ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable 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 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 responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, additional information that I may request for the purpose of the audit, and unrestricted access to persons within the organization from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud or illegal acts affecting the organization 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 me of your knowledge of any allegations of fraud or suspected fraud affecting the organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Charter School complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse I may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains, and indicates that I have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to me 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 (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me 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 for me 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 me corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are

also responsible for providing management's views on my 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.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgments 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. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of law or governmental regulations that are attributable to the Charter School or to acts by management or employees acting on behalf of the Charter School. 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 I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, 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, I will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential, and of any material abuse that comes to my attention. My responsibility as auditor is limited to the period covered by my audit and does not extend to later periods for which I am not engaged as auditor.

My procedures will include test of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I 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, I 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 Controls

My audit will include obtaining an understanding of the entity 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 I 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. My 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 my 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, I 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, I will perform tests of Three Rivers Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance issued pursuant to Government Auditing Standards.

Audit Administration, Fees and Other

The audit documentation of this engagement is the property of Lloyd Cross, Certified Public Accountant, 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, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under my supervision. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

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

Fees for these services will be at my standard billing rates for school district audits plus direct out of pocket expenses. Progress billings will be submitted monthly as work progresses and are due and payable upon presentation. I agree my fee will not exceed \$5,500 for the year ended June 30, 2018.

Upon the agreement of all parties, and the execution of engagement letters in each of the following years, these services may be continued at the above fee rates for the year ended June 30, 2019.

In accordance with Education Code Section 41020, audit reports will be filed with the County Superintendent of Schools, the State Department of Education,

and the State Controller's office by December 15 following the close of the fiscal year.

It is agreed that the Charter School will withhold ten (10) percent of the audit fee until the State Controller certifies the report conforms to the reporting provisions of the State Controller's Audit Guide.

In accordance with Education Code Section 14505, it is further agreed the District will withhold fifty (50) percent of the audit fee 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 State Controller's Audit Guide.

The State Controller of California has required that all LEAs 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 pursuant to Education Code 41020.5.

I appreciate the opportunity to be of service to Three Rivers Charter School and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let me know. If you agree with the terms of my engagement as described in this letter, please sign and return it to me.

Very truly yours,

Lloyd Cross,
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of Three Rivers Charter School

By: _____

Title: _____

Date: _____