

October 7, 2010

Ms. Sheri Gamba
Associate Superintendent, Business Services
West Contra Costa Unified School District
1108 Bissell Avenue
Richmond, California 94801-3135

Dear Ms. Gamba:

This letter is to explain our understanding of the services we are to perform for West Contra Costa Unified School District (the "District") for the year ending June 30, 2010. We ask that you either confirm or amend this understanding.

AUDIT AND ATTEST SERVICES

We will perform an audit of the financial statements of the Measures D, J and M General Obligation Bonds of West Contra Costa Unified School District as of and for the year ending June 30, 2010. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We will conduct the audit 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. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement, may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

An audit of financial statements also includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to you and to management any significant deficiencies or material weaknesses that become known to us during the course of the audit.

We will also communicate to the Board of Education any (a) fraud involving senior management and other fraud that causes a material misstatement of the financial statements, (b) illegal acts that come to our attention (unless they are clearly inconsequential), (c) disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the entity's accounting policies and financial statements.

AUDIT AND ATTEST SERVICES (Continued)

The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance. If for any reason, we are unable to complete the audit, we will not issue a report as a result of this engagement.

If circumstances arise relating to the condition of your records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which in our professional judgment prevent us from completing the audit, we retain the unilateral right to take any course of action permitted by professional standards, including withdrawal from the engagement.

The assistance to be supplied by your personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with management. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report. Procedures performed by Perry-Smith LLP in connection with the preparation or reconciliation of schedules requested for the audit will be billed at our standard hourly rates.

MANAGEMENT'S RESPONSIBILITY

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. Accordingly, you acknowledge that management is responsible for (1) the preparation of the District's financial statements, (2) selecting and applying accounting principles, (3) establishing and maintaining effective internal control over financial reporting and safeguarding assets, including monitoring ongoing activities, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge, (4) properly recording transactions in the records, (5) identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations, (6) 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 District involving management, employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements, (7) informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators or others, (8) making all financial records and related information available to us and (9) for adjusting the financial statements to correct material misstatements.

As part of our engagement, we may also propose standard, adjusting, or correcting journal entries to your financial statements. Management, however, has final responsibility for reviewing the proposed entries and understanding the nature and impact of the proposed entries to the financial statements. It is our understanding that management has designated qualified individuals with the necessary expertise to be responsible and accountable for overseeing the services performed as part of this engagement.



MANAGEMENT'S RESPONSIBILITY (Continued)

Management is responsible for providing us with a written representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes 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.

It is also management's responsibility to ensure that the District has not caused Perry-Smith LLP's independence to be impaired by hiring a former or current Perry-Smith LLP partner, principal, or professional employee in a key position, as defined in the *Code of Professional Conduct* of the American Institute of Certified Public Accountants (AICPA), that would cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the District for a former or current Perry-Smith LLP partner, principal, or professional employee should be discussed with Mr. Matthew Nethaway before entering into substantive employment conversations with the former or current Perry-Smith LLP partner, principal, or professional employee.

The Board of Education is responsible for informing us of its views about the risks of fraud within the District, and its knowledge of any fraud or suspected fraud affecting the District. We will also determine that certain matters related to the conduct of the audit are communicated to the Board of Education, including (1) fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential), (3) disagreements with management and other serious difficulties encountered in performing the audit and (4) various matters related to the District's accounting policies and financial statements.

Our audit is not specifically designed and cannot be relied on to disclose significant deficiencies in the design or operation of the internal control. However, during the audit, if we become aware of significant deficiencies in internal control or ways that we believe management practices can be improved, we reserve the right to advise you of these matters in a letter to management.

The District hereby indemnifies Perry-Smith LLP and its partners, principals and employees and holds them harmless from all claims, liabilities, losses and costs arising in circumstances where there has been a known misrepresentation by a member of the District's management, regardless of whether such person was acting in the District's interest. This indemnification will survive termination of this letter.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.



MANAGEMENT'S RESPONSIBILITY (Continued)

We may be asked to provide access to our working papers to the regulators upon request for their regulatory oversight purposes. If such a request is made, we will inform you prior to providing such access. The working papers for this engagement are the property of Perry-Smith LLP and constitute confidential information. Access to the requested working papers will be provided to the extent required by law or regulation to regulators of the District under the supervision of Perry-Smith LLP audit personnel and at a location designated by our Firm. All professional and administrative services relating to such access will be charged as an additional expense to this engagement.

Other Matters

Our professional standards require that we perform certain additional procedures, on current and previous years engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, the District agrees it will compensate Perry-Smith LLP for any additional costs incurred as a result of the District's employment of a partner or professional employee of Perry-Smith LLP.

In the event we are requested or authorized by the District or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the District, the District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Professional standards and our Firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors, or "experts" in a document used in a public or private offering of equity or debt securities. Accordingly, the District agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is a matter for which separate arrangements will be necessary. After obtaining our consent, the District also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is disbursed. In the event our auditor/client relationship has been terminated when the District seeks such consent, we will be under no obligation to grant such consent or approval.

PROFESSIONAL FEES

We estimate that our fees for the services described above will not exceed \$11,000. The fee estimate 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 expend the additional time. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.



MEDIATION AND ARBITRATION

If any dispute arises among the parties hereto, the District and Perry-Smith LLP agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation.

If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

The District and Perry-Smith LLP agree that any dispute over fees charged by Perry-Smith LLP to the District will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds.

In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by Perry-Smith LLP, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

OTHER MATTERS

It is agreed by the District and Perry-Smith LLP or any successors in interest that no claim arising out of services rendered pursuant to this agreement by or on behalf of the District shall be asserted more than two years after the date of the last audit report issued by Perry-Smith LLP.

This letter constitutes the complete and exclusive statement of agreement between Perry-Smith LLP and the District, superseding all proposals, oral or written, and all other communication, with respect to the terms of the engagement between the parties.

It is our policy to keep work papers related to such engagements for seven years. Upon the expiration of the seven year period, the District agrees that we shall be free to destroy our work papers.



OTHER MATTERS (Continued)

This letter shall serve as the District's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between Perry-Smith LLP and the District and between Perry-Smith LLP and outside specialists or other entities engaged by either Perry-Smith LLP or the District. The District acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of Perry-Smith LLP. Perry-Smith LLP will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Perry-Smith LLP

RESPONSE:

The terms of this letter correctly set forth our understanding of the professional services to be provided by Perry-Smith LLP to West Contra Costa Unified School District.

By: *Sheri Gamba*

Title: *Assoc. Supt.*

Date: *10-12-10*

