

March 30, 2018

Ms. Gretchen Bergstrom
Director of Fiscal Services
La Cañada Unified School District
4490 Cornishon Avenue
La Cañada, CA 91011

Dear Ms. Bergstrom:

Duff & Phelps, LLC ("Duff & Phelps"), will provide La Cañada Unified School District ("LCUSD") the consulting services described within this agreement ("Agreement").

Purpose of the Engagement

The purpose of this engagement is to provide LCUSD updated fixed asset accounting records for internal accounting control and financial reporting as of June 30, 2018.

Engagement Scope

We will inventory, reconcile, and report the historical cost of LCUSD's identified fixed assets.

Description of Identified Fixed Assets

The identified fixed assets are located at various sites as identified by LCUSD in the Property Schedule (**Exhibit B**).

These asset classifications will be included in the engagement:

- Machinery and equipment

We understand the machinery and equipment is located within six sites throughout LCUSD.

Assets not identified above will be excluded from the engagement.

If requested, fixed assets not inventoried by us may be segregated and incorporated into our report based on information supplied by LCUSD.

We will work with LCUSD during the engagement to further refine the scope of identified fixed assets to be included in the engagement, if applicable. Depending on the nature and extent of changes in the scope of the engagement we may need to revise our fee.

Definition of Historical Cost

Historical cost is defined by Generally Accepted Accounting Principles as the amount of cash, or its equivalent, paid to acquire an asset.

Scope of Work

We anticipate this engagement will include the following:

Machinery and Equipment

We will inspect LCUSD's locations identified in the Property Schedule to inventory machinery and equipment with a unit cost over \$5,000 capitalization threshold and \$500 property control threshold, and apply a barcode tag.

Reconciliation and Historical Cost Estimation

After the inventory is complete, we will perform the following steps:

- 1) Reconcile the inventory to the fixed asset accounting records as maintained by LCUSD identifying the following:
 - a) Assets that were inventoried and traced to the fixed asset accounting records.
 - b) Assets included in the fixed asset accounting records that were not located during the inventory (unrecorded retirements).
 - c) Assets that were inventoried but not located in the fixed asset accounting records (unrecorded additions).
- 2) Estimate historical cost of unrecorded additions using standard or normal costing techniques. Normal costing involves estimating the historical cost of an asset by reverse trending the replacement cost new back to the date of acquisition. For standard costing, we estimate the historical cost of an asset by comparing it with the known average installed cost of an identical or similar unit at the estimated acquisition date of the subject identified fixed assets.
- 3) Calculate accumulated depreciation for the identified fixed assets and depreciation expense for the current fiscal year, consistent with the methodology employed by LCUSD.

Terms and Conditions

This Agreement is subject to and incorporates the **Terms and Conditions** attached as **Exhibit A**.

Fee

The fee is \$13,500, including expenses, and will be invoiced as follows:

- \$4,050 upon authorization of the engagement
- Progress billing as time is charged and expenses are incurred

This fee includes issuing the deliverables below and responding to customary questions from LCUSD and its auditor or advisors. Additional fee will be required for an increase in engagement scope or involvement in subsequent reviews beyond the customary work effort.

LCUSD may cancel this engagement at any time and will only be obligated for fees and expenses incurred. Our fee is not contingent on our deliverable or any subsequent event related to it.

Timing and Deliverables

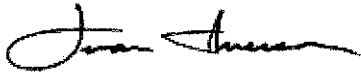
This engagement will require cooperation, access, and timely receipt of requested information from management of LCUSD. After this Agreement is signed and all requested information is received, we will work closely with LCUSD to establish project start, field work and report delivery schedules to meet your reporting requirements.

The report will be provided in electronic format and will present our conclusions and related narrative discussion of the supporting analyses and assumptions, along with appropriate exhibits. Additional relevant information and analyses considered will be retained in our work files.

Conclusion

We appreciate the opportunity to serve LCUSD. To authorize, please sign below and return the full executed copy to juan.iverson@duffandphelps.com. This Agreement shall remain valid for signature for 30 days. Please contact me at 310 598 4355 with any questions.

Sincerely,



Juan Iverson
Managing Director

Client of Record:

La Cañada Unified School District

Signature: _____

Name: _____

Mark E. Evers

Title: _____

Asst. Sup of Bus. + Admin. Services

Date: _____

Exhibit A – Terms and Conditions

Entire Agreement – This is the entire Agreement between Duff & Phelps and LCUSD and supersedes any prior oral or written agreements. This Agreement may only be modified in writing signed by both parties. Any purchase order covering this engagement is only for LCUSD's internal needs and shall not modify this Agreement.

Fees – Duff & Phelps' invoices are payable upon receipt. If payment of any invoice is not received within 45 days of the invoice date, Duff & Phelps shall be entitled, without prejudice to any other rights that it may have, to suspend services until all sums due are paid in full. In the event that Duff & Phelps is required to initiate a lawsuit or hire attorneys to collect any past due amounts, in addition to any other rights and remedies available, it shall be entitled to reimbursement of attorneys' fees and other costs of collection.

Limited Use and Reliance – LCUSD is the sole intended user of Duff & Phelps' report or other work product. LCUSD may disclose an informational copy of the report or other work product to its audit, tax, legal, or insurance professionals acting in an advisory capacity in connection with the purpose of this engagement. No third party shall have the right of reliance on the report, and neither receipt nor possession of the report by any third party shall create any express or implied third-party beneficiary rights.

Confidentiality – Duff & Phelps shall maintain the confidentiality of LCUSD's information and will not disclose or use it for any purpose other than in connection with this engagement. This excludes information (i) available to the public, (ii) already in Duff & Phelps' possession, or (iii) received from a party having no confidentiality obligation to LCUSD. Duff & Phelps may include LCUSD's name and logo in its client list.

Engagement Limits – Duff & Phelps' work may only be used for the specific purpose or premise of value stated in this Agreement and the work product. LCUSD shall not reference Duff & Phelps or its work in any public filing or other materials distributed to actual or prospective shareholders, investors, financing parties, or similar third parties without Duff & Phelps' prior written consent.

Independent Contractor – Duff & Phelps shall perform as an independent contractor, with no authority to bind or obligate LCUSD in any way.

Information Provided by LCUSD – Duff & Phelps will not independently verify information provided by LCUSD, its advisors, or third parties acting at LCUSD's direction. Duff & Phelps will assume and rely on the accuracy and completeness of all such information.

Retention – All files, documents, and work papers received, created, or developed during the engagement will be retained for professional recordkeeping and legal/regulatory compliance purposes, all in accordance with Duff & Phelps' document retention policy. If required by applicable law to disclose any of the documents, Duff & Phelps will, unless legally prohibited, notify LCUSD so it may seek a protective order at its discretion.

Indemnification – LCUSD shall indemnify and hold harmless Duff & Phelps and its affiliates, including each of their respective employees, from and against any and all liabilities, losses, costs, and reasonable expenses, including, but not limited to, reasonable legal fees and expenses and billable hours of client service personnel, which are (i) incurred in responding to subpoenas, discovery, or other similar inquiries associated with or arising from the engagement or (ii) arising from or relating to third-party claims based on reliance or purported reliance on Duff & Phelps' work product or other alleged loss or damage caused to or alleged by any nonclient entity arising from unauthorized access to or reliance upon Duff & Phelps' work product. The foregoing indemnification obligations shall not apply in the event that a court of competent jurisdiction finally determines that such claims resulted directly from the gross negligence, willful misconduct, or fraudulent acts of Duff & Phelps.

Limitation of Liability – In no event shall Duff & Phelps be liable to LCUSD (or any person claiming through LCUSD) under this Agreement, under any legal theory, for any amount in excess of the total professional fees paid by LCUSD to Duff & Phelps in connection with this engagement, except to the extent such liability is directly caused by Duff & Phelps' gross negligence, fraud, or willful misconduct. The foregoing limitation of liability shall not apply to liabilities that arise from personal injury or property damage resulting primarily from Duff & Phelps' negligence or willful misconduct. In no event shall Duff & Phelps be liable to LCUSD for any consequential, indirect, lost profit, or similar damages relating to or arising from this engagement.

Environmental Policy – Duff & Phelps will not investigate, nor assume responsibility for, the existence or impact of any contamination or hazardous substance related to property or assets associated with this engagement.

Governing Law – This Agreement is governed by and construed in accordance with the laws of the State of New York.

Exhibit B – Property Schedule

PROPERTY	ADDRESS	CITY	STATE	ZIP
Palm Crest Elementary	5025 Palm Drive	La Cañada	CA	91011
Paradise Canyon Elementary	471 Knight Way	La Cañada	CA	91011
La Cañada Elementary	4540 Encinas Drive	La Cañada	CA	91011
La Cañada High School	4463 Oak Grove Drive	La Cañada	CA	91011
District Office Complex*	4490 Cornishon Avenue	La Cañada	CA	91011
Old District Office	5039 Palm Drive	La Cañada	CA	91011
Oak Grove Property - Leased				

**The District owns entire site, but LCUSD equipment is limited to selected buildings.*