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June 17, 2014

## Management of Tucson Unified School District No. 1

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Tucson Unified School District No. 1 (District).

We currently expect to apply the agreed-upon procedures specified as follows to assist in determining Tucson Unified School District No. 1's compliance with Section X.B.7. of the Consent Order. Management of Tucson Unified School District No. 1 has presented the below procedures to the Special Master and the procedures are sufficient for their purposes. This engagement is solely to assist in determining Tucson Unified School District No. 1's compliance as to whether the funds allocated in the USP Budget were spent in accordance with the that budget for the fiscal year ended June 30, 2014. The procedures to be performed are as follows.

- Determine USP Budget was properly reviewed and approved in accordance with Section X.B.1. through X.B.6 of the Consent Order.
- Determine approved budget allocations were properly input in the District's accounting system.
- Compare the USP Budget to actual expenditures recorded in the District's accounting system to identify budget variances in excess of 10%.
- Compare the USP Budget to actual payroll expenditures recorded in the District's accounting system to identify budget variances in excess of \$54,000.
- Test a sample of 30 USP Budget line items to determine expenditures recorded in the District's accounting system are in accordance with the approved budget item.
- Test a sample of 80 payroll transactions to determine the expenditure had supporting documentation and was an approved USP Budget allocation.
- Test a sample of 30 non-payroll transactions to determine expenditure had supporting documentation and was an approved USP Budget allocation.
- Review a sample of 20 changes in budget allocations for proper approval.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures do not constitute an examination, we will not express an opinion on Tucson Unified School District No. 1's compliance with the Consent Order. In addition, we have no obligation to perform any procedures beyond those listed above.

We will submit a report listing the procedures to be performed and our findings. This report is intended solely for the use of the Special Master and Tucson Unified School District No. 1, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Corey Arvizu is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for compliance with the Consent Order.

We estimate that our fees for these services will be at the amount outlined in our proposal. The fee estimated is based on anticipated cooperation from District personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Tucson Unified School District No. 1 and believe that 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 of this letter and return it to our office.

Very truly yours,

  
HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

cc: Dr. Willis Hawley, Special Master

RESPONSE

This letter correctly sets forth the understanding of Tucson Unified School District No. 1.

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_