	Pima Unified School District, #6 Request for Proposals		PO Box 429 192 E. 200 S. Pima, AZ 85543 (928) 387-8002
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Release Date:	December 14, 2016
Request for Proposals #:	17-01-21
Material and/or Service:	Audit Services
RFP Due Date:	January 11, 2017
RFP Due Time:	By 11:00 a.m., Mountain Standard Time
Final Date to Receive Questions:	January 4, 2017 by 3:00 P.M.
District Website for Amendments	http://www.pimaschools.org
Submittal Location:	Business Office 192 E. 200 S. Pima, AZ 85543

In accordance with School District Procurement Rules in the Arizona Administrative Code (A.A.C.) promulgated by the State Board of Education pursuant to A.R.S. 15-213, Proposals for the material or services specified will be received by ***Pima Unified School District***, at the above specified location, until the time and date cited. Proposals received by the correct time and date shall be opened and only the name of the Offerors shall be publicly read and recorded. All other information contained in the Proposal shall remain confidential until award is made. The RFP and any amendments will be posted to <http://www.pimaschools.org>. **If you need directions to our office**, please call (928) 387-8002.

Proposals shall be in the actual possession of the District, at the location indicated, on or prior to the exact time and date indicated above. Late Proposals shall not be considered. The official time will be determined by the clock designated by the school district.

Proposals must be submitted in a sealed envelope with the solicitation number and Offeror's name and address clearly indicated on the envelope. All Proposals must be written legibly in ink or typewritten. Additional instructions for preparing a Proposal are provided herein.

Seven (7) Sets: one Original and 5 copies of your response in addition to one (1) electronic copy in the form of a USB Flash Drive are requested by the District.

Please read the enclosed requirements and specifications as Pima Unified School District reserves the right to accept or reject any or all proposals, waive minor informalities, cancel or re-bid and accept any contract deemed to be in their best interest. The submission of a proposal will indicate that the vendor is accepting of all terms and conditions and can meet the specifications and requirements stated in this solicitation.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE REQUEST FOR PROPOSAL AND SEEK CLARIFICATION OF ANY ITEM THAT MAY NOT BE CLEAR.

Jennifer Roberts

Jennifer Roberts, Business Manager
(928) 387-8002
Jroberts@pima.k12.az.us

December 14, 2016
Date



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NOTE: Bolded forms above should be submitted with your offer.

DOCUMENTS REFERENCED:

You may access a copy of the documents referenced within this bid at the following web addresses:


Arizona Revised Statutes (A.R.S.) is available at:

<http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp>

School District Procurement Rules in the Arizona Administrative Code (A.A.C.) is available at:

https://azsbe.az.gov/sites/default/files/media/For%20Website%20R-7-2-Art10%2BArt11%20Procurement%20Effective%207-1-14_0.pdf

I.R.S. W-9 form (Request for Taxpayer I.D. Number) is available at: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>

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1. Definition of Terms

In addition to the definitions specified in Arizona Administrative Code R7-2-1001, the terms listed below are defined as follows:

1. Definition of Terms

As used in these instructions, the terms listed below are defined as follows:

- A. **“Attachment”** means any item the Solicitation requires an Offeror to submit as part of the Offer.
- B. **“Contract”** means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments; and any terms applied by law.
- C. **“Contract Amendment”** means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
- D. **“Contractor”** means any person who has a Contract with the School District.
- E. **“Days”** means calendar days unless otherwise specified.
- F. **“Exhibit”** means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
- G. **“Gratuity”** means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value present or promised, unless consideration of substantially equal or greater value is received.
- H. **“Offer”** means bid, proposal or quotation.
- I. **“Offeror”** means a vendor who responds to a Solicitation.
- J. **“Person”** means any corporation, business, individual, union, committee, club, or other organization or group of individuals.
- K. **“Procurement Officer”** means the person duly authorized to enter into and administer Contracts and make written determinations with respect to the Contract or their designee.
- L. **“Solicitation”** means an Invitation for Bids (IFB), a Request for Proposals (RFP), or a Request for Qualifications (RFQ).
- M. **“Solicitation Amendment”** means a written document that is authorized by the Procurement Officer and issued for the purpose of making changes to the Solicitation.
- N. **“Subcontract”** means any Contract, express or implied, between the Contractor and another party or between a Subcontractor and another party delegating or assigning, in whole or in part, the making or furnishings of any material or any service required for the performance of the Contract.
- O. **“School District”** means the School District that executes the Contract.

2. Inquiries

- A. **Duty to Examine.** It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing (inquiries), and examine its Offer for accuracy before submitting an Offer. Lack of care in preparing an Offer shall not be grounds for modifying or withdrawing the Offer after the Offer due date and time.
- B. **Solicitation Contact Person.** Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the solicitation shall be directed solely to the solicitation contact person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other employee unless the Solicitation specifically identifies a person other than the Solicitation contact person as a contact.
- C. **Submission of Inquiries.** The Procurement Officer or the person identified in the solicitation as the contact for inquiries may require that an inquiry be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, Page, and paragraph. Do not place the solicitation number on the outside of the envelope containing that inquire since it may then be identified as an Offer and not be opened until after the Offer due date and time.



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- D. Timeliness. Any inquiry shall be submitted as soon as possible and should be submitted at least seven (7) days before the Offer due date and time for review. Failure to do so may result in the inquiry not being answered or considered for a Solicitation Amendment.
- E. No Right to Rely on Verbal Responses or Electronic Mail Responses. Any inquiry that results in changes to the Solicitation shall be answered solely through a written Solicitation Amendment. A verbal or electronic mail reply to an inquiry does not constitute a modification of the solicitation.
- F. Solicitation Amendments. The Solicitation shall only be modified by a Solicitation Amendment.
- G. Pre-Offer Conference. If a pre-Offer conference has been scheduled under this Solicitation, the date, time, and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. An Offeror should raise any questions it may have about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
- H. Persons with Disabilities. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Solicitation contact person. Requests shall be made as early as possible to allow time to arrange the accommodation.

3. Proposal Preparation


- A. Forms: No Facsimile or Telegraphic Offers. An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation will be legible and contain the same information requested on the form. A facsimile, telegraphic or mailgram offer shall be rejected.
- B. Typed or Ink: Corrections. The Offer must be typed or in ink. Erasures, interlineations or other modifications in the Offer must be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.
- C. Evidence of Intent to be Bound. The Offer and Acceptance form within the Solicitation must be submitted with the Offer and must include a signature by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate, and complete. Failure to submit verifiable evidence of intent to be bound, such as an original signature, shall result in rejection of the Offer.
- D. Exceptions to Terms and Conditions. All exceptions included with the Offer shall be submitted in a clearly identified separate section of the Offer in which the Offeror clearly identifies the specific paragraphs of the Solicitation where the exceptions occur. Any exceptions not included in such a section shall be without force and effect in any resulting Contract unless such exception is specifically referenced by the Procurement Officer in a written statement. The Offeror's preprinted or standard terms will not be considered as a part of any resulting Contract.
 - 1. Invitation for Bids: An Offer that takes exception to a material requirement of any part of the Solicitation, including terms and conditions, shall be rejected.
 - 2. Request for Proposals: All exceptions that are contained in the Offer may negatively affect the impact of an Offeror's susceptibility for award. An offer that takes exception to any material requirement of the solicitation may be rejected.
- E. Subcontracts. Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
- F. Cost of Offer Preparation. The District will not reimburse any Offeror the cost of responding to a Solicitation.
- G. Solicitation Amendments. Unless otherwise stated in the Solicitation, each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a material Solicitation Amendment or to follow the instructions for acknowledgement of the Solicitation Amendment may result in rejection of the Offer.
- H. Federal Excise Tax. School Districts are exempt from Federal Excise Tax on manufactured goods. Exemption Certificates will be prepared upon request.
- I. Provision of Tax Identification Numbers. Offerors are required to provide their Arizona Transaction Privilege Tax number and/or Federal Tax Identification number, if applicable, in the space provided on the Offer and Acceptance Form.

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- J. Identification of Taxes in Offer. School Districts are subject to all applicable state and local transaction privilege taxes. All applicable taxes shall be identified as a separate item offered in the Solicitation. When applicable, the tax rate and amount shall be identified on the price sheet.
- K. Disclosure. If the Firm, business, or person submitting this Offer has been debarred, suspended, or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any federal, state, or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror must fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above must be provided.
- L. Delivery. Unless stated otherwise in the Solicitation, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination(s).
- M. Solicitation Order of Precedence. In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
1. Amendments
 2. Special Terms and Conditions
 3. Uniform General Terms and Conditions
 4. Scope of Work/Specifications
 5. Attachments
 6. Exhibits
 7. Special Instructions
 8. Uniform Instructions to Offerors
 9. Best and Final Offer
 10. Vendor's Proposal

4. Submission of Proposal

- A. Sealed Envelope or Package. Each Offer shall be submitted to the submittal location identified in this Solicitation, in a sealed envelope or package that identifies its contents as an Offer and the Solicitation number to which it responds. The appropriate Solicitation number shall be plainly marked on the outside of the envelope or package.
- B. Electronic Submission. If determined by the District that electronic submission of proposals is advantageous, the District will include the electronic submission requirements as well as if the electronic submission is mandatory or optional in the Special Instructions, Terms and Conditions section of the RFP. Unless otherwise instructed, a facsimile or electronically submitted Proposal shall be rejected.
- C. Offer and Acceptance. Offer shall include a signed Offer and Acceptance form. The Offer and Acceptance form shall be signed by the person authorized to sign the offer, and shall be submitted with the Offer no later than the Solicitation due date and time. Failure to return an Offer and Acceptance form may result in rejection of the Offer.
- D. Proposal Amendment or Withdrawal. An Offeror may modify or withdraw a Proposal in writing at any time before Proposal opening if the modification or withdrawal is received before the Proposal due data and time at the location designed in the RFP. A Proposal may not be amended or withdrawn after the Proposal due date and time except as otherwise provided under R7-2-1044.
- E. Confidential Information. If an Offeror believes that any portion of an Offer, protest, or correspondence contains a trade secret or other proprietary information, the Offeror shall clearly designate the trade secret and other proprietary information, using the term "confidential." An Offeror shall provide a statement detailing the reasons why the information should not be disclosed including the specific harm or prejudice that may arise upon disclosure. The Procurement Officer shall review all requests for confidentiality and provide a written determination. Until a written determination is made, a Procurement Officer shall not disclose information designated as confidential except to those individuals deemed to have a legitimate District interest. In the event the Procurement Officer denies the request for confidentiality, the Offeror may appeal the determination to the District Representative within the time specified in the written determination. Contract terms and conditions, pricing, and information generally available to the public are not considered confidential information.
- F. Public Record. Under applicable law, all Offers submitted and opened are public records and must be retained by the School District. Offers shall be open to public inspection after Contract award, except for such Offers deemed to be confidential by the School District.

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- G. Non-collusion, Employment, and Services. By signing the Offer and Acceptance form or other official contract form, the Offeror certifies that:
1. It did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its offer; and
 2. It does not discriminate against any employee, applicant for employment, or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state, and local laws and executive orders regarding employment.

5. Evaluation

- A. Unit Price Prevails. Where applicable, in the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
- B. Taxes. All applicable taxes in the Offer will be considered by the School District when determining the lowest bid or evaluating proposals; except when a responsive Offeror which is otherwise reasonably susceptible for award is located outside of Arizona and is not subject to a transaction privilege or use tax of a political subdivision of this state. In that event, all applicable taxes which are the obligation of Offerors in state and out of state, Offerors shall be disregarded in the Contract Award. At all times, payment of taxes and the determination of applicable taxes and rates is the sole responsibility of the Contractor.
- C. Late Offers. An offer submitted after the exact Offer due date and exact time shall be rejected.
- D. Disqualification. The Offer of an Offeror who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity may be rejected.
- E. Proposal Acceptance Period. An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for the Offer acceptance, the number of days shall be one hundred twenty (120). If a Best and Final Offer is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for one hundred twenty (120) days from the Best and Final due date.
- F. Payment. Payments shall comply with the requirements of A.R.S. § Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment within thirty (30) days.
- G. Waiver and Rejection Rights. Notwithstanding any other provision of the solicitation, the School District reserves the right to:
 1. Waive any minor informality;
 2. Reject any and all offers or portions thereof; or
 3. Cancel a solicitation.

6. Award

- A. Number or Types of Awards. Where applicable, the School District reserves the right to make multiple awards or to award a Contract by individual line items, by a group of line items, or to make an aggregate award, whichever is deemed most advantageous to the School District. If the Procurement Officer determines that an aggregate award to one Offeror is not in the School District's interest, "all or none" Offers shall be rejected.
- B. Contract Inception. An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Procurement Officer's signature of the Offer and Acceptance Form. A letter or other notice of award or of the intent to award shall not constitute acceptance of the Offer.
- C. Effective Date. The effective date of this Contract shall be the date that the Procurement Officer signs the Offer and Acceptance Form or other official contract form, unless another date is specifically stated in the Contract.
- D. Final acceptance. Final acceptance will be contingent upon the approval of the School District's Governing Board, if applicable.

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7. Protests

A protest shall comply with and be resolved according to Arizona Department of Education School District Procurement Code Rule A.A.C. R7-2-1141 through R7-2-1153. Protests shall be in writing and be filed with the District Representative, Superintendent, Sean Rickert. A protest of a solicitation shall be received by the District Representative before the Offer due date. A protest of a proposed award or of an award shall be filed with the Procurement Officer within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:

- A. The name, address and telephone number of the interested party;
- B. The signature of the interested party or the interested party's representative;
- C. Identification of the solicitation or contract number;
- D. A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
- E. The form of relief requested.
- F. The interested party shall supply promptly any other information requested by the district representative.

8. Time for filing protests R7-2-1143.

- A. Protests based upon alleged improprieties in a solicitation that are apparent before the due date and time for responses to the solicitation, shall be filed before the due date and time for responses to the solicitation.
- B. In cases other than those covered in subsection (A), the interested party shall file the protest within 10 days after the school district makes the procurement file available for public inspection.
- C. The interested party may file a written request with the district representative for an extension of the time limit for protest filing set forth in subsection (B). The written request shall be filed before the expiration of the time limit set forth in subsection (B) and shall set forth good cause as to the specific action or inaction of the school district that resulted in the interested party being unable to file the protest within the 10 days. The district representative shall approve or deny the request in writing, state the reasons for the determination, and, if an extension is granted, set forth a new date for submission of the filing.
- D. If the interested party shows good cause and it is advantageous to the school district, the district representative may consider any protest that is not filed timely.
- E. The district representative shall immediately give notice of the protest to the successful contractor if award has been made or, if no award has been made, to all interested parties.
- F. At any time the district representative or hearing officer may refer the protest to the governing board for resolution in accordance with R7-2-1152.

	Pima Unified School District, #6 Uniform General Terms and Conditions		192 E. 200 S. Pima, AZ 85543 (928) 387-8002
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1. Definition of Terms

As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

- A. **“Attachment”** means any item the Solicitation requires an Offeror to submit as part of the Offer.
- B. **“Contract”** means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments; and any terms applied by law.
- C. **“Contract Amendment”** means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
- D. **“Contractor”** means any person who has a Contract with the School District.
- E. **“Days”** means calendar days unless otherwise specified.
- F. **“Exhibit”** means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
- G. **“Gratuity”** means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value present or promised, unless consideration of substantially equal or greater value is received.
- H. **“Materials”** means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
- I. **“Offer”** means bid, proposal or quotation.
- J. **“Offeror”** means a vendor who responds to a Solicitation.
- K. **“Procurement Officer”** means the person duly authorized to enter into and administer Contracts and make written determinations with respect to the Contract or their designee.
- L. **“Services”** means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.
- M. **“Solicitation”** means an Invitation for Bids (IFB), a Request for Proposals (RFP), or a Request for Quotations (RFQ).
- N. **“Solicitation Amendment”** means a written document that is authorized by the Procurement Officer and issued for the purpose of making changes to the Solicitation.
- O. **“Subcontract”** means any Contract, express or implied, between the Contractor and another party or between a Subcontractor and another party delegating or assigning, in whole or in part, the making or furnishings of any material or any service required for the performance of the Contract.
- P. **“School District”** means the School District that executes the Contract.

2. Contract Interpretation

- A. Arizona Law. The law of Arizona applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona School District Procurement Code, Arizona Revised Statutes (A.R.S.) § 15-213, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 7, Chapter 2, Articles 10 and 11.
- B. Implied Contract Terms. Each Provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
- C. Contract Order of Preference. In the event of a conflict in the provisions of the Contract, the following shall prevail in the order set forth below:



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Uniform General Terms and Conditions

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1. Amendments
2. Special Terms and Conditions;
3. Uniform General Terms and Conditions;
4. Statement or Scope of Work;
5. Specifications;
6. Attachments;
7. Exhibits;
8. Documents Referenced in the Solicitation;
9. Vendor's Response.

- D. Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee agent of the other party to the Contract.
- E. Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
- F. No Parol Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document.
- G. No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. **Contract Administration and Operation**

- A. Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall Contractually require each Subcontractor to retain all data and other records ("records") relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.
- B. Non-Discrimination. The Contractor shall comply with Executive Order 2009-09, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Parties shall take affirmative action to ensure that Districts for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability
- C. Audit. Pursuant to ARS §35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any Subcontractor's books and records shall be subject to audit by the School District and, where applicable, the Federal Government, the extent that the books and records relate to the performance of the Contract or Subcontract.
- D. Inspection and Testing. The Contractor agrees to permit access to its facilities, Subcontractor facilities and the Contractor's processes for producing the materials, at reasonable time for inspection of the materials and services covered under this Contract. The School District shall also have the right to test at its own cost the materials to be supplied under this Contract. Neither inspection at the Contractor's facilities nor testing shall constitute final acceptance of the materials. If the School District determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the School District for testing and inspection.
- E. Notices. Notices to the Contractor required by this Contract shall be made by the School District to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the School District required by the Contract shall be made by the Contractor to the Solicitation Contact


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Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notices shall be given by written notice and an Amendment to the Contract shall not be necessary.

- F. Advertising and Promotion of Contract. The Contractor shall not advertise or publish information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- G. Property of the School District. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the School District. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the School District.
- H. Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract (“Intellectual Property”), shall be work made for hire and the District shall be considered the creator of such Intellectual Property. The District shall own the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the District, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor(s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the District and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the District. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the District without the express written authorization of the District.
- I. Federal Immigration and Nationality Act. By entering the contract, contractor warrants compliance with A.R.S. 41-4401, A.R.S. 23-214, the Federal Immigration and Nationality Act (FINA), and all other federal immigration laws and regulations. The District may request verification of compliance from any contractor or subcontractor performing work under this contract. The District reserves the right to confirm compliance in accordance with applicable laws. Should the District suspect or find that the contractor or any of its subcontractors are not in compliance, the District may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the contractor. All costs necessary to verify compliance are the responsibility of the contractor.
- J. E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A.
- K. Offshore Performance of Work Prohibited. Due to security and identity protection concerns, direct services under any subsequent contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the school district(s) or charter school(s) or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or “overhead” services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

4. **Costs and Payments**

- A. Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the School District within thirty (30) days. The Purchase Order number must be referenced on the invoice.
- B. Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. destination and shall include delivery and unloading at the destination.

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C. Applicable Taxes.

1. Payment of Taxes by the School District. The School District will pay only the rate and/or amount of taxes identified in the Offer and in any resulting Contract.
2. State and Local Transaction Privilege Taxes. The School District is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect taxes from the buyer does not relieve the seller from its obligation to remit taxes.
3. Tax Indemnification. Contractor and all Subcontractors shall pay all federal, state, and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all Subcontractors to hold the School District harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.
4. IRS W-9. In order to receive payment under any resulting Contract, Contractor shall have a current I.R.S. W-9 Form on file with the School District.


D. Availability of Funds for the Next Fiscal Year. Funds may not presently be available for performance under this Contract beyond the current fiscal year. No legal liability on the part of the School District for any payment may arise under this Contract beyond the current fiscal year until funds are made available for performance of the Contract. The School District will make reasonable efforts to secure such funds.

5. **Contract Changes**

- A. Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract signed by the Procurement Officer. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized employee or made unilaterally by the Contractor are violations of the Contract and or applicable law. Such changes, including unauthorized written Contract Amendments, shall be void and without effect, and the Contractor shall not be entitled to any claim and this Contract based on those changes.
- B. Subcontracts. The Contractor shall not enter into any Subcontract under this Contract without the advance written approval of the Procurement Officer. The Subcontract shall incorporate by reference the terms and conditions of this Contract.
- C. Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The Procurement Officer shall not unreasonably withhold approval.

6. **Risk and Liability**

- A. Risk of Loss. The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.
- B. General Indemnification. To the extent permitted by A.R.S. § 41-621 and § 35-154, the School District shall be indemnified and held harmless by the Contractor for its vicarious liability as result of entering into this Contract. Each party to this Contract is responsible for its own negligence.
- C. Indemnification - Patent and Copyright. To the extent permitted by A.R.S. § 41-621 and § 35-154, the Contractor shall indemnify and hold harmless the School District against any liability, including costs and expenses, for infringement of any patent, trademark, or copyright arising out of Contract performance or use by the School District

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of materials furnished or work performed under this Contract. The School District shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph.

D. Force Majeure.

1. Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "*force majeure*" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injections-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.
2. Force Majeure shall not include the following occurrences:
 - a. Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market; or
 - b. Late performance by a Subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition. ; or
 - c. Inability of either the Contractor or any Subcontractor to acquire or maintain any required insurance, bonds, licenses, or permits.
3. If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt requested, and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
4. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

E. Third Party Antitrust Violations. The Contractor assigns to the School District any claim for overcharges resulting from antitrust violation the extent that those violations concern materials of services supplied by third parties to the Contractor toward fulfillment of this Contract.

7. **Warranties**

A. Liens. The Contractor warrants that the materials supplied under this Contract are free of liens.

B. Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that for one year after acceptance by the School District of the materials or services, they shall be:

1. Of a quality to pass without objection in the trade under the Contract description;
2. Fit for the intended purposes for which the materials or services are used;
3. Within the variations permitted by the Contract and are of even kind, quality, and quality within each unit and among all units;
4. Adequately contained, packaged and marked as the Contract may require; and
5. Conform to the written promises or affirmations of fact made by the Contractor.



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- C. Fitness. The Contractor warrants that any material or service supplied to the School District shall fully conform to all requirements of the Solicitation and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.
- D. Inspection/Testing. The warranties set forth in subparagraphs A through C of this paragraph are not affected by inspection testing of or payment for the materials or services by the School District.
- F. Exclusions. Except as otherwise set forth in this Contract, there are no express or implied warranties or merchant ability fitness.
- G. Compliance with Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable federal, state and local laws, and the Contract shall maintain all applicable licenses and permits.
- H. Survival of Rights and Obligations after Contract Expiration or Termination.
 - 1. Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration of termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the School District is not subject to or barred by any limitations of actions prescribed in A.R.S. Title 12, Chapter 5.
 - 2. Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Offices, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8. School District's Contractual Remedies


- A. Right to Assurance. If the School District in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing the Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent or ability to perform. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at the School District's option, be the basis for terminating the Contract under the Uniform General Terms and Conditions.
- B. Stop Work Order.
 - 1. The School District may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for a period of up to ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
 - 2. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
- C. Non-exclusive Remedies. The rights and the remedies of the School District under this Contract are not exclusive.
- D. Nonconforming Tender. Materials supplied under this Contract shall fully comply with the Contract. The delivery of materials or a portion of the materials in an installment that do not fully comply constitutes a breach of Contract. On delivery of nonconforming materials, the School District may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

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- E. Right to Offset. The School District shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the School District or damages assessed by the School District concerning the Contractor's nonconforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform General Terms and Conditions.

9. Contract Termination

- A. Cancellation for Conflict of Interest. Per A.R.S. § 38-511, the School District may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Contract on behalf of the School District is, or becomes at any time while the Contract or an extension the Contract is in effect, an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time.
- B. Gratuities. The School District may, by written notice, terminate this Contract, in whole or in part, if the School District determines that employment or gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the School District for the purpose of influencing the outcome of the procurement or securing the Contract, an Amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about Contract performance. The School District, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three (3) times the value of the gratuity offered by the Contractor.
- C. Suspension or Debarment. The School District may, by written notice to the Contractor, immediately terminate this Contract if the School District determines that the Contractor has been disbarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a Subcontractor of any public procurement unit or other governmental body.
- D. Termination for Convenience. The School District reserves the right to terminate the Contract, in whole or in part at any time, when in the best interests of the School District without penalty recourse. Upon receipt of the written notice, the Contractor shall immediately stop all work, as directed in the notice, notify all Subcontractors of the effective date of the termination and minimize all further costs to the School District. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the School District. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed, and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R7-2-1125 shall apply.
- E. Termination for Default.
1. In addition to the rights reserved in the Uniform Terms and Conditions, the School District reserves the right to terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.
 2. Upon termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the School District.
 3. The School District may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials and services to replace those under this Contract. The Contractor shall be liable to the School District for any excess costs incurred by the School District reprocurring the materials or services.
- F. Continuation of Performance through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

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10. Contract Claims

All Contract claims and controversies under this Contract shall be resolved according to A.R.S. § 15-213 and rules adopted thereunder.

11. Gift Policy

The District will accept no gifts, gratuities or advertising products from vendors. The District has adopted a zero tolerance policy concerning vendor gifts. The District may request product samples from vendors for official evaluation with disposal of those said samples at the discretion of the Procurement Officer.

12. Terrorism Country Divestments

Per A.R.S. § 35-392, the District is prohibited from purchasing from a company that is in violation of the Export Administration Act.

13. Boycott of Israel:


Per A.R.S. § 35-393, the District is prohibited from purchasing from a company that is in violation of the Israel Boycott Divestments.

14. Fingerprint Checks

If required to provide services on school district property at least five (5) times during a month, contractor shall submit a full set of fingerprints to the school district in accordance with A.R.S. § 15-512 of each person or employee who may provide such service. Alternately, the school district may fingerprint those persons or employees. An exception to this requirement may be made as authorized in Governing Board policy.

The District shall conduct a fingerprint check in accordance with A.R.S. § 41-1750 and Public law 92-544 of all contractors, subcontractors or vendors and their employees for which fingerprints are submitted to the District. Contractor, subcontractors, vendors and their employees shall not provide services on school district properties until authorized by the District.

Additionally, the Contractor shall comply with the governing body fingerprinting policies of each school district.

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1. District Representative for Questions

All questions must be emailed to Jennifer Roberts, Business Manager, at Jroberts@pima.k12.az.us. Please submit your RFP related questions via email no later than 3:00PM, Mountain Standard Time, Wednesday, November 9, 2016. Answers in the form of an Amendment to all questions accumulated by the deadline will be posted to <http://www.pimaschools.org>.

2. Sufficient Funds

The District fully anticipates that sufficient funds will be available for this purchase. Any contract awarded under this proposal will be conditioned upon the availability of funds.

3. Purpose

Pursuant to provisions of the School District Procurement Rules, Pima Unified School District, hereafter referred to as the District, seeks to a contract with a qualified Certified Public Accountant to conduct an annual audit of financial transactions and accounts kept by or for the District and to complete the Uniform Systems of Financial Records (USFR) Compliance Questionnaire.

4. Proposal Format

Seven (7) sets: One (1) original and 5 copies and one (1) electronic copy in the form of a USB Flash Drive of the proposal shall be submitted on the forms and in the format as contained in the RFP. All proposals including copies shall contain all descriptive literature, specifications, samples (if requested), references, etc.

5. Contract Type

Fixed Fee

6. Discussions

In accordance with A.R.S. §41-2534, after the initial receipt of proposals, the District reserves the option to conduct discussions with those Offerors who submit proposals determined by the District to be reasonably susceptible of being selected for award. If such discussions are held with any or all audit firms, all audit firms will be notified that a best and final offer may be submitted. The best and final offer provides the opportunity for audit firms to revise their proposals, including the fee for the services, based on additional information gathered during the oral discussions. If a best and final offer is not submitted, the previous offer will be construed as the best and final offer.

7. Best and Final Offers


If discussions are conducted pursuant to R7-2-1047, the District may issue a written request for best and final offers. If Offerors do not submit a notice of withdrawal or a best and final offer, the immediate previous offer will be construed as the best and final offer.

8. Billing

Payment will be made after submission of proper invoices received by the Accounts Payable Department, 940B East Maricopa St., Springerville, Arizona. Progress payments will be a percentage of the work completed as per this solicitation. Invoices should be submitted referencing purchase order number, the site, address, and the type of service rendered/supplies purchased. Payment of any invoice shall not preclude the District from making claim for adjustment on any product or service found not to have been in accordance with Terms and Conditions or specifications listed within this solicitation document.

9. Lobbying

Offerors are hereby advised that lobbying is not permitted with any District personnel or Board Members related to or involved with this RFP until the administration's recommendation for award has been posted in the District's Board minutes. All oral or written inquiries must be directed through the Purchasing Department.

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Lobbying is defined as “any action taken by an individual, firm, association, joint venture, partnership, syndicate, corporation, and all other groups who seek to influence the Governmental Decision of a Board Member or ANY District Personnel after release and prior to the award of this contract by all entities.” Any Offeror or any individuals that lobby on behalf of Offeror during the time specified will result in the rejection and disqualification of said offer.

10. Evaluation

Representatives of the District will evaluate the proposals and determine which proposals are acceptable for further evaluation and which are not. This process will be separated into two phases. Phase 1 will consist of evaluation and scoring, for mandatory qualifications. For proposals that are deemed acceptable during Phase 1, for further consideration, the District will notify the disqualified, and then evaluate and score according to the evaluation criteria list in this RFP.

11. Evaluation Schedule

The proposals will be initially evaluated during the week of November 21st. Award is slated for the December board meeting.

12. Public Record

All Proposals shall be opened for public inspection after award of contract, except to the extent the Offeror designates, and the District concurs, that trade secrets or other proprietary data contained in the Proposal documents remain confidential in accordance with A.A.C. R7-2-1006, R7-2-1016, and R7-2-1042(A.1.u)

13. HIPAA Compliance

The District requires documentation regarding the Contractor’s HIPAA (Health Insurance Portability and Accountability Act of 1996) compliance status. The Contractor shall complete and sign the District’s Business Associate Agreement which shall be retained as part of the procurement file. This agreement involves access to health information that is considered protected pursuant to federal, state and/or local laws and regulations in accordance with the privacy requirements of the HIPAA.



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1. **Purpose**

Pima Unified School District, hereafter referred to as the District, seeks to a contract with a qualified Certified Public Accountant to conduct an annual audit of financial transactions and accounts kept by or for the District and to complete the Uniform Systems of Financial Records (USFR) Compliance Questionnaire.

2. **Insurance**

Offeror agrees to maintain such insurance as will fully protect Offeror and the District from any and all claims under any workers' compensation statute or unemployment compensation laws, and from any and all other claims of any kind or nature for damage to property or personal injury, including death, made by anyone, that may arise from work or other activities carried on, under, or facilitated by this Agreement, either by Offeror, its employees, or by anyone directly or indirectly engaged or employed by Offeror. Offeror agrees to maintain such automobile liability insurance as will fully protect Offeror and the District for bodily injury and property damage claims arising out of the ownership, maintenance or use of owned, hired or non-owned vehicles used by Offeror or its employees, while providing services to the District.

Successful Offeror will be required to provide proof of and maintain comprehensive general liability insurance with a limit of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate coverage with a deductible of not more than \$5,000 and naming *Pima Unified School District* as an additional insured party. Successful Offeror will be required to submit proof of and maintain Worker's Compensation and Employer's Liability Insurance as required by law.

3. **Licenses**

Successful Offeror shall maintain in current status all federal, state, and local licenses and permits required by the operation of the business conducted by the Offeror.

4. **Safety**

Offeror, at its own expense and at all times, shall take all reasonable precautions to protect persons and the District property from damage, loss or injury resulting from the activities of Offeror, its employees, its subcontractors, and/or other persons present. Offeror will comply with all specific job safety requirements promulgated by any governmental authority, including without limitation, the requirements of the Occupational Safety Health Act of 1970.

5. **Fingerprint Requirements**

Fingerprint clearance cards will not be required for this contract since it has been determined that the awarded vendor is not likely to have independent access or unsupervised contact with students as part of their normal job duties while performing services under this contract.

6. **Relationship of the Parties**


It is understood and agreed that the awarded firm is a separate legal entity from PUSD and neither the firm nor any of their employees, volunteers, or agents contracted by it shall be deemed for any purposes to be employees or agents of PUSD. The Supplier assumes full responsibility for the actions of its personnel and volunteers while performing any services incident to the Agreement, and shall remain solely responsible for their supervision, daily direction and control, payment of salary (including withholding of income taxes and social security), workers' compensation, disability benefits and like requirements and obligations.

7. **Terms of Contract**

This contract shall be for a term of one (1) year with an option to renew for 5 additional years not to exceed 60 months. This contract can be canceled with a written notification of 30 days in advance of cancellation from either party.

8. **Multi-Term Contract**

Per A.A.C. R7-2-1042(A.3.b), it is the intent of the District to award a multi-term contract, beginning during the fiscal year 2016-17, and continuing until June 30, 2017. If all conditions are met during this period of time, this contract can be extended, if funding is available, for up to an additional 5 one-year contracts. However, no contract exists unless and until a purchase order is issued each fiscal year.

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If the District chooses to exercise a renewal option in an existing contract, the District shall send a letter notifying the audit firm that the District will be renewing the audit contract and a copy of that letter will be submitted to Auditor General's Office. The renewal letter will include the type of audit to be performed, the year(s) for which the contract is being renewed, and the price as stated in the audit firm's original proposal.

The contract may be terminated by either party prior to the expiration date upon thirty (30) days written notice to the other party. Cancellation of the contract shall not relieve the contractor of responsibility for satisfaction of all work that should have been done up to the last day of the contract.

9. Contract Award

It is anticipated that a contract under this RFP will be awarded to be a single offer.

10. Award Basis

The successful Offeror(s) will be determined by Evaluation Criteria including but not limited to pricing or other factors therein. Award will not be made based on price alone. Please see the evaluation criteria outlined in this RFP. Any deviation from the general terms and conditions or exceptions shall be described fully and appended to the bid form on the vendor's letterhead over the signature of the person signing the bid form. Such appendages shall be considered part of the vendor's formal offer. For the absence of any statements of deviation or exception, the bid shall be accepted as in strict compliance with all terms and conditions.


11. Evaluation Criteria

A. Mandatory Qualifications:

- 1) The auditors must be properly licensed certified public accountants or persons working for a licensed certified public accounting firm according to Government Auditing Standards (GAS), 2007 Revision as amended, issued by the Comptroller General of the United States, public accountants and public accounting firms must be licensed on or before December 31, 1970.
- 2) The audit firm must meet the independence requirements of GAS.
- 3) The audit firm must not have a record of substandard audit work for the last five (5) years. The District reserves the right to contact the Arizona State Board of Accountancy to verify the audit firm's credentials and the Office of the Auditor General, to verify that the audit firm has not been debarred or suspended or that such audit firm's contracts are not routinely rejected for substandard audits.
- 4) The audit firm must have an external quality control review performed at least every three (3) years in accordance with GAS. The most recent external quality control review report must be included with the proposal response.
- 5) The audit firm must meet the continuing education requirements of GAS. Therefore, each auditor responsible for planning, directing, conducting, or reporting on GAS audits should complete at least 80 hours of continuing education every two (2) years. At least 20 hours should be completed in any one (1) year of the 2-year period. At least 24 of the 80 hours of continuing education should be completed in subjects directly related to the government environment, government auditing, or the specific or unique environment in which the District operates.

B. Technical Criteria:

1. The Responsiveness of the proposal in clearly stating an understanding of the Audit Services to be performed, including:
 - a. Comprehensiveness of audit work plan (100 points)
 - b. Realistic time estimates of each major segment of the work plan and the estimated number of hours of each staff level (100 points)
2. Technical experience of the audit firm.
 - a. Auditing Arizona school districts (150 points)
 - b. Auditing computerized systems (50 points)
 - c. Auditing federal programs (100 points)
3. Qualifications of Staff
 - a. Qualifications of supervisory staff and of the audit team performing field work. (150 points)
 - b. General direction and supervision to be exercised over the audit team by the audit firm's management (100 points)

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C. Cost Criteria (250 points)

D. Technical and Cost Criteria – maximum points = 1000 points

12. **Non-Exclusive Contract**

Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of the District. The District reserves the rights to obtain like goods or services from other sources.

13. **Acknowledgement of Amendments**

In accordance with A.A.C. R7-2-1042(A.1.b), Offeror shall acknowledge receipt of all amendments by signing the amendment acknowledgement form of the RFP.

14. **Offeror Required Contract/Agreement**

If your firm is awarded; you will be asked to draw up the contract for submission to the Auditor General for approval prior to any service. The contract will be awarded on the basis of demonstrated competence and qualifications to perform the required services at fair and reasonable compensation. After the audit firm is selected, the Auditor General will review the proposed contract and approve or disapprove it in accordance with Arizona Revised Statutes (A.R.S.) 15-914 (E) and 41-1279.21(A)(4) and Arizona Administrative Code R4-44-117. Only upon approval of the proposed contract by the Auditor General will the contract be signed by the District administrator and the selected audit firm.

15. **Delivery of Services**

Services must be received within time agreed to by the District and the Offeror. The District shall make decisions as to compliance with contract services and time and their decision shall be final. The items on this contract shall be delivered per the specifications and instructions in this solicitation.

16. **Local Representative**

Offeror should have a field representative available by email or cell phone to answer questions or concerns.

17. **Authority**

This solicitation as well as any resulting contract is issued under the authority of the Governing Board and managed under the Superintendent. No alteration or any resulting contract may be made without the express written approval of the District in a form of an official contract amendment. Any attempt to alter any contract without such approval is a violation of the contract and the School District Procurement Rules. Any such action is subject to legal and contractual remedies available to the District inclusive of, but not limited to, contract cancellation, suspension and/or debarment of the contractor.

18. **Integrity of Offer**

By signing this Proposal, the Offeror affirms that the Offeror has not given, nor intends to give any time hereafter any economic opportunity, future employment, gift, loan gratuity, special discount, trip favor, or service to any employee of the District, or per A.A.C. R7-2-1042(A.1.1) Offeror has not engaged in collusion or anti-competitive practices in connection with the submitted Proposal. Failure to sign the Proposal, or signing it with a false statement, shall void the submitted Proposal or any resulting contract.

19. **Price Clause**

Prices shall be firm for the term of the contract. Prices as stated must be complete for all services offered and shall include all associated costs. DO NOT include sales tax on any item in the Proposal.

After initial contract term and prior to any contract renewal, the Pima Unified School District will review fully documented requests for price increases and may at its sole option accept any changes or cancel the contract.

20. **Deviations to Offer**



Pima Unified School District, #6
Special Terms and Conditions

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Any deviation from the general terms and conditions or exceptions taken shall be described fully on the Attachment Form provided. Deviations and Exceptions must be signed by authorized representative of the company. Such appendages shall be considered part of the Offerors formal Proposal. For the absence of any statements of deviation or exception, the Offer shall be accepted as in strict compliance with all terms and conditions.

21. **Procurement Methods**

Any parts or repair services obtained under this Request for Proposal may be by Blanket Purchase Order, Specific Purchase Order, or Procurement Card.

22. **Completion Dates**


- a) Audit work may begin as soon as the Auditor General approves the proposed contract and a purchase order is issued.
- b) The District anticipates an initial onsite visit in late January 2017. Subsequent years will require the initial visit in April/May. Preliminary draft of the reports should be completed and an exit conference held no later than November 30th of each year.
- c) The final reports should be submitted to the District no later than December 15 of each year.

23. **Changes in the Scope of Work**

During the duration of this contract there may be opportunity for special projects or changes in the scope of work due to State and/or Federal requirements for accounting/auditing services not otherwise described within the scope of work. Changes in the scope, character, or complexity of the work may be negotiated if it is mutually agreed that such changes are desirable and necessary. Such changes must be authorized in writing by Pima Unified School District and approved by the Auditor General, prior to the performance of the work.

24. **Progress Payments**

The District will pay a percentage when major milestones are completed.

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1. Purpose

Pima Unified School District is seeking to enter into a contract with a qualified Certified Public Accountant to conduct an annual audit of financial transactions and accounts kept by or for the Pima Unified School District, #6 (District) for the fiscal year ending June 30, 2016 and to complete the Uniform Systems of Financial Records (USFR) Compliance Questionnaire dated October 1, 2016. The District reserves the right to suspend the provisions of the contract for any year in which the District expends less than the qualifying amount of federal awards set forth in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). In addition, the selected audit firm shall:

- A. Audit the statement of net assets for employee benefits and the related changes in net assets available for benefits, benefit obligations and changes in benefit obligations as well as the following related supplemental schedules.

2. Description of District and Records to be Audited (The last Audit report follows at the end of this file)

- A. **General:** Pima Unified School District is a political subdivision of the State of Arizona located in Graham County. The District consists of approximately 1,335 students. The District operates on a July 1 to June 30 fiscal year. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as adopted by the Government Accounting Standards Board (GASB) or Financial Accounting Standards Board (FASB), as applicable.

- B. **Reporting Entity:** The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the activities of those organizational entities for which its elected governing board is financially accountable.

C. District Funds:

The District reports the following governmental and enterprise funds and other fund types:

<u>Governmental</u>	<u>Number of Funds</u>
General Fund	1
Major Fund(s)	3
Non-Major Fund(s)	35
<hr/>	
<u>Enterprise</u>	<u>Number of Funds</u>
Major	1
Non-Major Fund(s)	
<hr/>	
<u>Other Fund Types</u>	<u>Number of Funds</u>
Internal Service	4
Agency	1



Pima Unified School District, #6

Scope of Work and Specifications

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D. Federal and State Financial Assistance

Federal Projects	2015-16	2014-15
100-130 ESEA Title I - Helping Disadvantaged Children	121,234	189,559
140-150 ESEA Title II - Prof. Development and Technology	39,411	50,990
160 ESEA Title IV - 21st Century Schools	0	0
170-180 ESEA Title V - Promote Informed Parent Choice	21,754	41,776
190 ESEA Title III - Limited English & Immigrant Students	0	0
200 ESEA Title VII - Indian Education	0	0
210 ESEA Title VI - Flexibility and Accountability	0	0
220 IDEA Part B	0	0
230 Johnson-O'Malley	0	0
240 Workforce Investment Act	0	0
250 AEA-Adult Education	0	0
260-270 Vocational Education - Basic Grants	9,583	9,950
280 ESEA Title X - Homeless Education	0	0
290 Medicaid Reimbursement	0	0
374 E-Rate	31,454	39,953
378 Impact Aid	0	0
Other Federal Projections	24,095	1,717
Total Federal Project Funds	247,531	333,945
State Projects		
	2015-16	2014-15
Vocational Education	20,576	14,190
Other State Projects	0	0
Total State Project Funds	20,576	14,190
Total Expenditures	268,107	348,135
# of Employees	140	121
Gross Payroll	3,945,296	3,732,124

E. Basis of Accounting

- i. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied.
- ii. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.
- iii. All internal service funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.



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F. Budgeting and Budgetary Control

- i. The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted, the budget can be increased or decreased only for specific reasons set forth in A.R.S.
- ii. Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within 5 subsections, any of which may be over-expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.
- iii. Encumbrance accounting, under which purchase orders, contracts, and other commitments to expend monies are recorded to reserve that portion of the applicable fund balance, is not employed by the District during the year. However, at year-end the County School Superintendent must encumber in the General, District Additional Assistance, and Adjacent Ways Funds the amounts necessary and available to pay liabilities outstanding for goods or services received but unpaid at June 30. Warrants may be drawn against the encumbered amounts for 60 days immediately following the close of the fiscal year. After 60 days, the remaining encumbered balances lapse and any cash balances remaining in these funds are used to reduce District taxes for the next budget year.

G. Deposit of District Monies

- i. In accordance with A.R.S. §15-341(A)(20), the District deposits with the County Treasurer all monies received, except student activities monies (A.R.S. §15-1122); auxiliary operations monies (A.R.S. §15-1126); monies withheld or received from employees, former employees board members, and other persons for insurance programs (A.R.S. §15-1223); and grants and gifts to teachers (A.R.S. §15-1224). The County School Superintendent(or school districts that have assumed accounting responsibility in accordance with A.R.S. §15-914.01) draws warrants on funds on deposit with the County Treasurer upon presentation of a voucher by the District Governing Board to expend District monies on deposit with the County Treasurer.
- ii. In addition to maintaining funds on deposit with the County Treasurer, the District maintains several bank accounts in accordance with A.R.S. Following is a list of all bank accounts maintained by the District.

Bank Account Name	Bank Name	Location
District Insurance Fund Account		Safford
Miscellaneous Receipts Clearing Account		Safford
Food Service Fund Clearing Account	Chase	Safford
Auxiliary Operations Fund Account	Chase	Safford
Maintenance and Operations Revolving Fund	Chase	Safford
Student Activities Fund Account	Chase	Safford
Payroll Clearing Account		Safford
AZ State Withholding Account		Safford
Federal Withholding Account		Safford

H. Magnitude of Financial Activity

- i. Annual budgets, annual financial reports, and financial statements for the year(s) ended June 30, 2016, will be sent to interested, qualified audit firms upon request, or may be examined at the District office.
- ii. The following are selected elements of revenues and expenditures for those fiscal years:

Budgeted Revenues	Year Ended June 30, 2016	Year Ended June 30, 2015
State Aid		3,850,308
Federal Revenue		346,922
Other Sources		



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Budgeted Expenditures	Year Ended June 30, 2016	Year Ended June 30, 2015
General Fund	4,645,487	4,286,383
Unrestricted Capital Outlay Fund	1,452,972	967,292
Federal Projects Funds	350,500	517,428
State Projects Funds	24,000	23,905
Debt Service Funds	140,000	160,000
Other Governmental Funds		
Proprietary Funds	0	128,179
Capital Assets		

I. Miscellaneous

- i. Last audit report dated 2015 issued by Clifton Larson Allen.
- ii. There was a Cash Receipts finding, along with other minor issues.
- iii. Financial Consultants used FY 14-15 and during 15-16 were: PGPC for procurement assistance.

J. Uniform System of Financial Records (USFR)

A.R.S. §15-271 requires the Auditor General in conjunction with the Arizona Department of Education (ADE) to prescribe a uniform system of financial records for use by school districts. This system has been established in the Uniform System of Financial Records accounting manual.

The USFR includes a Chart of Accounts that provides for the establishment of a complete accounting system. The Chart complies with U.S. generally accepted accounting principles, and meets the requirements of the U.S. Department of Education’s account classifications and A.R.S. The account codes and titles listed in the chart must be used by the District.

The USFR also provides comprehensive accounting procedures for accounting records, cash, supplies inventory, property control, revenues, expenditures, payroll, travel, and state and federal financial assistance.

3. Report Review, Timing, and Number of Copies


Following completion of draft reports, the audit firm must submit five copies of the audit reports, management letter, and the USFR Compliance Questionnaire to the audit liaison Jennifer Roberts, Business Manager, for review.

Upon completion of the final reports, the audit firm must provide ten (10) bound paper copies and one electronic copy of the audit reports, management letter, and USFR Compliance Questionnaire to the District. The electronic copies shall be in PDF format. The audit firm must also provide the electronic copies of the audit reports, management letter, and USFR Compliance Questionnaire to the Office of the Auditor General, Accounting Services Division and ADE’s Grant Management Division.

Additionally, the audit firm must submit one copy of the audit reporting package and data collection form to the Federal Audit Clearinghouse and provide one copy of the audit reporting package to other pass-through entities when the schedule of findings and questioned costs discloses audit findings related to federal awards that the pass-through entities provided or the summary schedule of prior audit findings reports on the status of prior findings related to federal awards that the pass-through entities provided.

The audit firm will make no other distribution unless approved by the District.

A.R.S. §§15-914(E) and 41-1279.21(A)(4) require the Auditor General to ensure that completed audits are conducted in accordance with U.S. generally accepted auditing standards, GAS, *OMB Circular A-133*, and the minimum audit and reporting standards prescribed by the Auditor General. **An audit will not be accepted as meeting the requirements of this section until it has been approved by the Auditor General.**


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4. Exit Conference Requirements

The audit firm must be available to participate in one or more exit conferences with members of the District and the District Governing Board. Exit conferences must be coordinated through the audit liaison, Jennifer Roberts, Business Manager. The purposes of the exit conferences are to discuss the draft audit reports with the District, identify any errors, and obtain comments on report findings and recommendations.

5. Audit Documentation

The audit firm shall retain the audit documentation in its entirety for a period of 5 years after the date of the audit reports. The audit documentation shall be subject at all reasonable times to review upon request by the Auditor General or her designee, ADE, *the United States Government Accountability Office*, other appropriate governmental agencies, or produced at the Office of the Auditor General, if so requested.

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PROPOSAL FORMAT – MINIMUM REQUIREMENTS

Seven (7) sets of your response are requested. One (1) original and 5 copies of each proposal in addition to one (1) electronic copy in the form of a USB Flash Drive should be submitted. Pima Unified School District will not provide any reimbursement for the cost of developing or presenting proposals in response to this RFP. Failure to include the requested information may have a negative impact on the evaluation of the offeror's proposal. The proposal should conform to the format specified below and include only the following:

Tab 1: General Information


- A. Provide a signed letter of interest stating the firms' interest and a brief understanding of the work to be performed.
- B. Provide a statement signed by the authorized individual indicating the full and complete understanding of the requirements and scope of work detailed within the RFP and the ability of the firm to comply with all terms, requirements, and conditions of resultant contract.
- C. A positive commitment to perform the service within the time period specified. Include a project schedule for the first 18 months with major benchmarks noted. Include the actual date of your first visit.
- D. Provide a statement that discloses if there are any legal claims against the Firm pending, current or during the past five years.
- E. Have any complaints been filed against your firm with the Arizona State Board of Accountancy during the past five years? If yes, how many?
- F. Provide a statement that discloses if there are any Professional Liability/Errors and Omissions claims against the Firm pending, current or during the past five years. If yes, are they resolved?
- G. The names of persons authorized to represent the audit firm, their titles, addresses, and telephone numbers.
- H. Please make reference to a sealed envelope that contains the all-inclusive fee for which the audit work will be done. The fee amount should not be divulged elsewhere in the proposal.

Tab 2: Audit Firm Profile/Qualifications/Experience

- A. A statement of the audit firm's expertise in: 1) financial audits of Arizona school districts, 2) audits of computerized systems, and 3) audits of federal programs.
- B. Offeror shall provide a description of the audit firm and Resume details only for the Team to be assigned to Pima USD. Staff named in the proposal may not be substituted without permission of the District. Resumes should including relevant experience and continuing education of the auditor in charge up to the individual with final responsibility for the audit for Pima USD.

Tab 3: Audit Firm's Method of Approach to the Audit

- A. Offeror shall provide, in detail, the overall scope, function, and benefits of the Audit Firm.
 - i. A work plan detailing the approach the audit firm intends to follow. The audit work plan should completely cover what audit work will be accomplished to allow the audit firm to render the reports described in this RFP
 - ii. The audit timeline plan should detail how the audit firm plans to meet the time constraints and reporting deadline requirements specified in this RFP.
 - iii. A plan for organizing and staffing the audit, with an estimate of time each staff member will devote to the audit.
 - iv. The name of the software your firm uses in the audit process.
 - v. The requested information that your firm would require to be pulled prior to the first visit.

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Tab 4: Cost

The submitting firm shall provide a complete and detailed section on pricing and the pricing structure offered for the solution proposed. This shall be submitted in a sealed-envelope.

Tab 5: Supplemental Forms

- A. Completed Offer and Acceptance Attachment
- B. Completed Familial Relationship Disclosure Attachment
- C. Completed Deviations and Exceptions Attachment
- D. Provide a Certificate of Insurance form similar to the sample
- E. Deviation/ Exceptions Attachment
- F. Confidentiality/Proprietary Information Attachment
- G. Completed Non-Collusion Affidavit and Amendment Acknowledgement Attachment
- H. Compliance Statement
- I. Vendor Payment Attachment
- J. I.R.S. W-9 Form, <https://www.irs.gov/pub/irs-pdf/fw9.pdf>



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References

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Bidder shall list below a minimum of three (3) but no more than five (5) references from district that are similar in scope and size to this requirement. Failure to provide three accurate references will result in loss of points. Do not attach letters of reference.

Offeror is responsible for sending a Performance Evaluation Survey to each client listed below.

1. Firm: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Contact Name: _____ Phone: _____

Date of Contract Initiation: _____

Type of Services Provided: _____

2. Firm: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Contact Name: _____ Phone: _____

Date of Contract Initiation: _____

Type of Services Provided: _____

3. Firm: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Contact Name: _____ Phone: _____

Date of Contract Initiation: _____

Type of Services Provided: _____



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Performance Survey

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Subject: Reference for _____

Return to the Attention: Jennifer Roberts, Business Manager

Name of Client responding to Survey: _____

Organization Representative: _____

Contact Phone for any follow-up: _____

To Whom It May Concern:

Pima Unified School District is currently undergoing reference checks for the vendor listed above regarding their response to a current solicitation. The information will be used to assist the District in the evaluation to determine responsive and responsible procurement of the above firm. Both the company and the District would greatly appreciate you taking a few minutes out of your busy day to complete the questionnaire below.

Please evaluate the performance of the vendor (**10 means-you are Always satisfied, 5 means- you are Sometimes satisfied, and 1 means- you are very Dissatisfied because of very poor performance**). If you do not have sufficient knowledge of in a particular area, leave it blank.

NO.	Criteria	Unit	Score
1	Ability to maintain schedule and provide results in a timely manner. Audits completed have met deadlines required by your District.	(1-10)	
2	Were you completely satisfied with the level and quality of service?	(1-10)	
3	Satisfaction with the request for answers to questions during the year.	(1-10)	
4	Participation and assistance when "issues" arise. Ability to help resolve problems.	(1-10)	
5	Looking back, what is overall satisfaction?	(1-10)	
6	Please rate the firm's ability to take a "teachable moment".	(1-10)	
7	Did the Audit feel rushed; did you have enough time to respond to requests for data?	(1-10)	
8	Was your Audit Team stable throughout the contract period?	(1-10)	
9	Did the Firm provide value added services with satisfaction of the district?	(1-10)	
10	Did the Audit Firm meet all your expectations?	(1-10)	

TOTAL POINTS _____

What was the biggest issue you encountered? _____

Thank you for your time and effort in assisting the vendor in this important endeavor. Please email this survey directly to Jennifer Roberts at Jroberts@pima.k12.az.us no later than January 11, 2017 @ 11:00 AM.

Signature

Date

Printed Name

Title



Pima Unified School District, #6

Pricing/Cost Submittal

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NO FURTHER COMPENSATION OR REIMBURSEMENT FOR ANY PURPOSE WILL BE PAID BY THE DISTRICT UNLESS PRIOR AGREEMENT FOR SAME IS REACHED WITH THE DISTRICT AND SUCH AGREEMENT IS IN WRITING.

1. Single Audit (annual financial audits and reporting as required by State Law including USFR Compliance Review, and procurement audits) for the fiscal years indicated below:

Fiscal Year Ending	Single
June 30, 2016	\$
June 30, 2017	\$
June 30, 2018	\$
June 30, 2019	\$
June 30, 2020	\$

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	Offer and Acceptance Form		
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The Undersigned hereby submits the Proposal/Proposals and agrees to furnish the material, service or construction in compliance with all terms, conditions, specifications, and amendments in the Solicitation and any written exceptions in the Proposal/Proposals.

Arizona Transaction (Sales) Privilege Tax License No.:	For clarification of this Proposal, contact:
_____	Name: _____
Federal Employer Identification No. _____	Phone: _____
_____	Fax: _____
Tax Rate: _____ %	E-Mail: _____
_____	_____
Company Name	Signature of Person Authorized to Sign Proposal
_____	_____
Address	Printed Name
_____	_____
City State Zip	Title

CERTIFICATION

- By signature in the Offer section above, the bidder certifies:
1. The submission of the offer did not involve collusion or other anti-competitive practices.
 2. The offeror shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 2009-09 or A.R.S. § 41-1461 through 1465.
 3. The offeror has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
 4. The offeror warrants that it and all proposed subcontractors will maintain compliance with the Federal Immigration and Nationality Act (FINA), A.R.S. § 41-4401 and A.R.S. § 23-214 and all other Federal immigration laws and regulations related to the immigration status of its employees which requires compliance with federal immigration laws by employers, contractors and subcontractors in accordance with the E-Verify Employee Eligibility Verification Program.
 5. In accordance with A.R.S. § 35-392, the District is prohibited from purchasing from a company that is in violation of the Export Administration Act.
 6. In accordance with A.R.S. § 35-393, the District is prohibited from purchasing from a company that is in violation of the Israel Boycott Divestments.
 7. In accordance with A.R.S. §15-512, the offeror shall comply with fingerprinting requirements as identified in Uniform Instructions.

ACCEPTANCE OF OFFER

The offer is hereby accepted.


The Contractor is now bound to sell the materials or services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor’s Proposal as accepted by the School District.

This contract shall henceforth be referred to as Contract No. 17-01-21.

The Contractor has been cautioned not to commence any billable work or to provide any material or service under this contract until Contractor receives a purchase order, contract release document, or written notice to proceed.

Awarded this _____ day of _____ 20____

Authorized Signature

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	No Response		
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If you do not wish to respond to this solicitation, please provide written notification of your decision by email via email Jroberts@pima.k12.az.us or mail to the District.

I am submitting a “No Response” at this time.

Name of Company

Date Signed

Authorized Signature / Local Rep

Phone & Fax No.

Print Name/Company Position

Mailing Address

Email Address

City, State, Zip

**Please return this completed form by
mail to:**

**Pima Unified School District
Business Office**
PO Box 429
192 E. 200 S.
Pima, AZ 85543

Familial Relationship Disclosure Statement

All responses to this solicitation shall be accompanied by a sworn and notarized statement disclosing any familial relationship aka, conflict of interest that exists between the owner or any employee of the offeror and any member of the Governing Board of the Pima Unified School District or any employee of the Pima Unified School District:

The undersigned, the owner or authorized officer of _____ (the "Firm"), pursuant to the familial disclosure requirement provided in the attached solicitation, hereby represent and warrant, except as provided below, to their best knowledge that no familial relationships exist between the owner(s) or any employee of the company and any member of the Governing Board of the District, Superintendent of the Pima Unified School District or any employee of Pima Unified School District. If such a relationship exists, please explain:

Employee of Firm	Pima Unified School District Connection	How are they related

(Signature of Person Authorized to Sign Offer)

(Title)

Subscribed and sworn to before me

this _____ day of _____, 20 _____

Signature of Notary Public in and for the

State of _____

County of _____



Pima Unified School District, #6

Deviations and Exceptions

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List any deviation or exception for any item listed in this RFP. The item number must be listed and the page it is found on. Any deviation/exception or inability of the provider to handle that particular item must be clearly and fully stated. Failure to show specific deviations indicates full compliance with the RFP.


The following deviations/exceptions are being submitted for consideration:

Section	Page	Item	Reason

Firm

Authorized Signature

Date

	Pima Unified School District, #6		192 E. 200 S. Pima, AZ 85543 (928) 387-8002
	Confidential/Proprietary		
	RFP: 17-01-21 PROJECT: Audit Services	Page 36 of 42	

Confidential / Proprietary Submittals (mark one):

_____ No confidential/proprietary materials have been included with this offer.


_____ Confidential/Proprietary materials included. Offerors should identify below any portion of their offer deemed confidential or proprietary. Identification in this section does not guarantee that disclosure will be prevented but that the item will be subject to review by the Offeror and the District prior to any public disclosure. The District will be the final judge if material will be accepted as confidential or not. Request to deem the entire offer or price as confidential will not be a consideration. Put the confidential material in a separate envelope. Complete description of the material to be considered confidential, the page number, paragraph and other identifiable information must be submitted below. Page number (s), paragraph, and description:

Place this document on the outside of the envelope. If the District agrees, it will be kept confidential. If they do not, the District will notify you and you may pick up the material as it will not be used in your evaluation or you will be given the opportunity to withdraw your request to keep the material confidential.

Firm

Authorized Signature

Date

	Pima Unified School District, #6		192 E. 200 S. Pima, AZ 85543 (928) 387-8002
	Acknowledgement and Non-Collusion Affidavit		
	RFP: 17-01-21 PROJECT: Audit Services	Page 37 of 42	

Each proposer will initial as having read and complied with all the Instruction, Terms, Conditions and Specifications. Failure to do so may seriously hamper the evaluation process.

Uniform Instructions to Offerors _____ please initial

Uniform General Terms & Conditions _____ please initial

Special Instructions _____ please initial

Special Terms & Conditions: _____ please initial

Acknowledgment & NC Affidavit _____ please initial

Please initial as an acknowledgment, if applicable, for amendments received:

Amendment #1: _____ Amendment #2: _____ Amendment #3: _____ Amendment #4 _____

State of (_____) County of (_____)

_____, _____, _____
Name Title Company Name

As an authorized representative of the persons, corporation, or company who makes the accompanying Proposal (“Offeror”) with respect to the District’s **RFP # 17-01-21** and having first been duly sworn, I hereby depose and state as follows:

The accompanying Proposal is genuine and such Proposal is neither a sham nor collusive, nor is such Proposal made in the interest or on behalf of any person or corporation not named herein.

The Offeror has not directly or indirectly induced or solicited any other bidder to put in a sham or collusive bid, or induced or solicited any other bidder to refrain from submitting a proposal.

The Offeror has not in any manner sought by collusion or anti-competitive means or practices to secure for itself an advantage over any other bidder.


By: _____ Title: _____

SUBSCRIBED AND SWORN to before me this _____ day of _____ 20_____.

Notary Public: _____

My commission expires: _____

This page must be signed, notarized and returned with your proposal response.

	Pima Unified School District, #6 Compliance Form		192 E. 200 S. Pima, AZ 85543 (928) 387-8002
	RFP: 17-01-21 PROJECT: Audit Services	Page 38 of 42	

Vendors/Contractors requesting to do business with Pima Unified School District and accepting a purchase order for supplies or services **MUST** sign below verifying compliance with the identified state laws, in order for the transaction to take place. Failure to maintain compliance with these provisions will be considered a material breach of contract subject to penalties up to and including termination of the contract.

1. Federal Immigration and Nationality Act

By applying for a Vendor Application Form or a Vendor Number to do business with Pima Unified School District the signer warrants that it and all proposed subcontractors are in compliance with: 1) Federal Immigration and Nationality Act (FINA), A.R.S. §41-4401 and A.R.S. §23-214 and all other Federal Immigration laws and regulations related to the immigration status of its employees. The signer shall obtain statements from all subcontractors certifying compliance with this requirement and shall furnish the statements to the District Procurement Officer upon request.

2. Terrorism Country Divestments

In accordance with A.R.S. §35-392, Pima Unified School District is prohibited from purchasing from a company that is in violation of the Export Administration Act. By entering into a contract, a vendor/contractor warrants compliance with the Export Administration Act.

3. Fingerprint Clearance Card Requirement

A contractor, subcontractor or vendor who is contracted to provide services on a regular basis on District property must obtain a valid fingerprint clearance card pursuant to A.R.S. §41-1758 et.seq. The Superintendent may exempt this requirement a contractor, subcontractor or vendor whom the Superintendent has determined is not likely to have independent access or unsupervised contact with students as part of the contractor’s normal job duties while performing service to a school or the district. The signer warrants compliance with this law.

_____ Signer is to initial here if the business they do with Pima Unified School District does not include providing services on a regular basis on District property.

Vendor/Contractor acknowledges that the School District retains the legal right to inspect the papers of any contractor, subcontractor, vendor or employee of same who works on the contract to ensure compliance with the above requirements. The vendor/contractor shall facilitate this inspection process by giving prior notice to their employees and supervisors.

Company Name

Authorized Company Signature

Date

Printed or typed Name above & Title



Pima Unified School District, #6

Vendor Payment Form

RFP: 17-01-21
PROJECT: **Audit Services**

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192 E. 200 S.
Pima, AZ 85543
(928) 387-8002

ORDER INFORMATION		PAYMENT INFORMATION	
LEGAL NAME OF ORGANIZATION / INDIVIDUAL		LEGAL NAME OF <u>PAYEE</u>	
STREET ADDRESS		STREET ADDRESS	
STREET ADDRESS 2		STREET ADDRESS 2	
CITY		CITY	
STATE	ZIP	STATE	ZIP
PHONE NUMBER W/ EXTENSION	FAX NUMBER	PHONE NUMBER W/ EXTENSION	FAX NUMBER
CONTACT NAME		CONTACT NAME	
EMAIL ADDRESS FOR <u>PURCHASE ORDERS</u>		EMAIL ADDRESS FOR <u>ACCOUNTS RECEIVABLE</u>	
WEB ADDRESS		DOES YOUR COMPANY ACCEPT PURCHASE ORDERS? YES _____ NO _____	
DO YOU REMIT ARIZONA STATE SALES TAX? YES _____ NO _____		ARE YOU A PUSD EMPLOYEE? YES ___ NO ___ IF YES, EXPLAIN:	

VENDOR ACKNOWLEDGEMENTS - BY SIGNING BELOW, I HEREBY ACKNOWLEDGE THAT:

1. I am duly authorized to certify the information requested herein.
2. To the best of my knowledge, the elements of the information provided herein are accurate and true as of this date.
3. My organization will comply with all State statutes and Federal equal opportunity and non-discrimination requirements and conditions of employment in accordance with A.R.S. Title 41, Chapter 9, Article 4 and Executive Order Number 75-5 dated April 28, 1975.
4. Filing of a Vendor Registration Application supplies information only and does not constitute an assumed obligation by Pima Unified School District
4. (PUSD) to guarantee contractual awards or agreements to my organization.
5. Updating information contained on this form is solely the duty of my organization.
6. My organization will not provide any product or service without first having in our possession an authorized PUSD Purchase Order. No products or services will be provided based on a verbal promise of a Purchase Order or with the submission of a requisition for a Purchase Order. I understand that payment for any product or service provided without an authorized Purchase Order is not the responsibility of PUSD and that I will have to obtain payment from the individual requestor.
7. My organization will direct all communication regarding PUSD Purchase Orders to the PUSD Procurement Office.
8. My organization will provide the Purchase Order number on all invoices submitted to PUSD. I understand that invoices received without this information will not be paid.
9. My organization will submit all invoices directly to PUSD Accounts Payable and not to the requesting department or school.

PRINTED OR TYPED NAME	TITLE
SIGNATURE	DATE



Pima Unified School District, #6

Certificate of Insurance

RFP: 17-01-21
PROJECT: **Audit Services**

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192 E. 200 S.
Pima, AZ 85543
(928) 387-8002

CERTIFICATE OF INSURANCE

PRIOR TO COMMENCING SERVICES UNDER THIS CONTRACT, THE CONTRACTOR MUST FURNISH THE DISTRICT, CERTIFICATION FROM INSURER(S) FOR COVERAGES IN THE MINIMUM AMOUNTS AS STATED BELOW. THE COVERAGES SHALL BE MAINTAINED IN FULL FORCE AND EFFECT DURING THE TERM OF THIS CONTRACT, AND SHALL NOT SERVE TO LIMIT ANY OTHER CONTRACTOR OBLIGATIONS.

NAME AND ADDRESS OF INSURANCE AGENCY:	COMPANY LETTER	COMPANIES AFFORDING COVERAGE:
	A	
	B	

NAME AND ADDRESS OF INSURED:	C	
	D	

LIMITS OF LIABILITY MINIMUM - EACH OCCURRENCE		COMPANY LETTER	TYPE OF INSURANCE	POLICY NUMBER	DATE POLICY EXPIRES
BODILY INJURY: PER PERSON	\$1,000,000.00		COMPREHENSIVE GENERAL LIABILITY FORM PREMISES OPERATIONS CONTRACTUAL INDEPENDENT CONTRACTORS PRODUCTS/COMPLETED OPERATIONS HAZARD PERSONAL INJURY BROAD FORM PROPERTY DAMAGE EXPLOSION & COLLAPSE (IF APPLICABLE) UNDERGROUND HAZARD (IF APPLICABLE)		
EACH OCCURRENCE	\$2,000,000.00				
PROPERTY DAMAGE	\$1,000,000.00				
OR	_____				
BODILY INJURY					
AND	\$1,000,000.00				
PROPERTY DAMAGE COMBINED			COMPREHENSIVE AUTO LIABILITY INCLUDING NON-OWNED (IF APPLICABLE)		
NECESSARY IF UNDERLYING IS NOT ABOVE MINIMUM			UMBRELLA LIABILITY		
STATUTORY EACH ACCIDENT	\$ 100,000.00		WORKMEN'S COMPENSATION AND EMPLOYER'S LIABILITY		
			OTHER		

THE PIMA UNIFIED SCHOOL DISTRICT IS ADDED AS ADDITIONAL INSURED AS REQUIRED BY STATUTE, CONTRACT, PURCHASE ORDER OR OTHERWISE REQUESTED. IT IS AGREED THAT ANY INSURANCE AVAILABLE TO THE NAMED INSURED SHALL BE PRIMARY OF OTHER SOURCES THAT MAY BE AVAILABLE.

IT IS FURTHER AGREED THAT NO POLICY SHALL EXPIRE, BE CANCELLED OR MATERIALLY CHANGED TO AFFECT THE COVERAGE AVAILABLE TO THE DISTRICT WITHOUT THIRTY (30) DAYS WRITTEN NOTICE TO THE DISTRICT. THIS CERTIFICATE IS NOT VALID UNLESS COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE INSURANCE COMPANY.

NAME AND ADDRESS OF CERTIFICATE HOLDER:	DATE ISSUED _____

	AUTHORIZED REPRESENTATIVE



Pima Unified School District, #6

Request for W-9

RFP: 17-01-21
PROJECT: Audit Services

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192 E. 200 S.
Pima, AZ 85543
(928) 387-8002

W-9

Form
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

**Give Form to the
requester. Do not
send to the IRS.**

Print or type
See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:
 Individual/sole proprietor or single-member LLC
 Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____
Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.
 Other (see instructions) ▶ _____
 C Corporation
 S Corporation
 Partnership
 Trust/estate

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
 Exempt payee code (if any) _____
 Exemption from FATCA reporting code (if any) _____
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number

				-							
--	--	--	--	---	--	--	--	--	--	--	--

OR

Employer identification number

				-											
--	--	--	--	---	--	--	--	--	--	--	--	--	--	--	--

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person ▶ _____ Date ▶ _____

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1096 (home mortgage interest), 1099-E (student loan interest), 1099-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

CUT ALONG THE LINE AND AFFIX TO THE FRONT OF YOUR PROPOSAL CONTAINER

SEALED PROPOSAL

Submitted by:
Company Name:
Address:
City, State, Zip:

RFP # **17-01-21 Audit Services**

Due Date: January 11, 2017 by 11:00 a.m.

Pima Unified School District, #6
Attn: **Jennifer Roberts, Business Manager**
Business Office
PO Box 429
192 E. 200 S.
Pima, AZ 85543

CUT ALONG THE LINE AND AFFIX TO THE FRONT OF YOUR PROPOSAL CONTAINER

PIMA UNIFIED SCHOOL DISTRICT NO. 6

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Pima Unified School District No. 6
Pima, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pima Unified School District No. 6 (District), as of and for the year ended June 30, 2015, 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.

Auditors' 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 auditors' 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 District'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 District'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASB Statements No. 68 and No. 71, the District reported a restatement for the change in accounting principle (see Note 3.E.). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11, the pension schedules on page 41, and the Budgetary Comparison Schedules on pages 42 – 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016, on our consideration of the 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 result 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 the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
March 29, 2016

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REQUIRED SUPPLEMENTARY INFORMATION

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**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

As management of Pima Unified School District No. 6 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,430,718 (net position).
- ◆ Net position at June 30, 2014 was restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement Numbers 68 and 71. The restatement resulted in a reduction of beginning net position of \$4,231,891 which contributed to the \$2,814,301 deficit unrestricted net position. See Note 3.E for a reconciliation of net position to the prior year audited financial statements.
- ◆ The District's total net position increased by \$187,000.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,938,376, an increase of \$563,405 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,678,980, or 37.6% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this management discussion and analysis (MD&A).

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Food Service Fund, Special Projects Fund and Debt Service Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. A revenue budget from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 14 – 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds are custodial in nature and do not present results of operations or a measurement focus.

The basic fiduciary fund financial statement can be found on page 20 of this report.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 21 – 40 of this report.

Required Supplementary Information Other Than MD&A

The District has the option of presenting the General Fund budget to actual statements and major special revenue funds budget and actual statements as part of the basic financial statements or as other required supplementary information. The District has elected to present those schedules as required supplementary information. Additionally, the District reports pension schedules as other required supplementary information. The required supplementary information other than MD&A can be found on pages 41 – 45.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,430,718 at the close of the most recent fiscal year.

One of the largest portions of the District's net position reflects its investment in capital assets (e.g., land, buildings, furniture, equipment, and vehicles). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to citizens and creditors.

A summary of the District's Statement of Net Position is as follows:

**Table A-1
The District's Net Position**

	Governmental Activities		
	2015	2014 (Restated)	Percent Change
Current and Other Assets	\$ 2,274,338	\$ 2,172,510	4.7%
Capital Assets	4,386,737	4,743,128	-7.5%
Total Assets	<u>6,661,075</u>	<u>6,915,638</u>	-3.7%
Deferred Outflows of Resources	830,692	289,449	187.0%
Current and Other Liabilities	266,432	693,949	-61.6%
Noncurrent Liabilities Outstanding	5,018,134	5,267,420	-4.7%
Total Liabilities	<u>5,284,566</u>	<u>5,961,369</u>	-11.4%
Deferred Inflows of Resources	776,483	-	100.0%
Net Position			
Net Investment in Capital Assets	3,981,641	4,203,992	-5.3%
Restricted	263,378	267,760	-1.6%
Unrestricted	(2,814,301)	(3,228,034)	-12.8%
Total Net Position	<u>\$ 1,430,718</u>	<u>\$ 1,243,718</u>	15.0%

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

At the end of the current fiscal year, the District was able to report positive balances in two of the three categories of net position. The decrease in net investment in capital assets was due to the District's current year depreciation expense and disposals exceeding current year additions and reduction of long-term debt.

The negative unrestricted net position is attributed to the recognition of a net pension liability with the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date— an Amendment of GASB Statement No. 68*. The District contributes the actuarially determined required contributions to the pension plan and recognizes a liability for its proportionate share of the net pension liability for the Arizona State Retirement System (ASRS) pension plan that District employees participate. Additional information regarding the District pension plan can be found in Note 4.B.

Changes in Net Position

Overall, net position increased by \$187,000 during the current fiscal year. Key elements of this increased are as follows:

**Table A-2
Changes in Net Position**

	Governmental Activities		
	2015	2014	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 230,409	\$ 189,298	21.7%
Operating Grants and Contributions	1,088,493	904,292	20.4%
General Revenues:			
Property Taxes	918,788	793,543	15.8%
Grants and Contributions Not Restricted to Specific Programs:			
State Equalization and Additional State Aid	3,846,661	3,628,400	6.0%
County Equalization	155,942	141,541	10.2%
Federal Aid Not Restricted	56,622	63,900	-11.4%
Investment Earnings	2,593	2,000	29.7%
Other	68,249	47,495	43.7%
Total Revenues	<u>6,367,757</u>	<u>5,770,469</u>	10.4%
EXPENSES			
Instruction	3,708,125	3,412,801	8.7%
Support Services:			
Students	244,579	183,688	33.1%
Instructional Staff	181,903	99,344	83.1%
General Administration	184,379	186,926	-1.4%
School Administration	304,590	290,135	5.0%
Business and Other Support Services	243,326	308,406	-21.1%
Operation and Maintenance of Plant	598,500	526,593	13.7%
Student Transportation	268,672	173,459	54.9%
Operation of Noninstructional Services	426,423	355,886	19.8%
Interest on Long-term Debt	20,260	28,112	-27.9%
Total Expenses	<u>6,180,757</u>	<u>5,565,350</u>	11.1%
Change in Net Position	187,000	205,119	-8.8%
Net Position - Beginning of Year, As Restated	1,243,718	1,038,599	19.7%
Net Position - End of Year	<u>\$ 1,430,718</u>	<u>\$ 1,243,718</u>	15.0%

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Program revenues, which are made up of charges for services and operating grants and contributions increased \$225,312. Operating grants and contributions increased due to increased efforts to secure additional funding streams from granting agencies. The increase in charges for services was due to higher auxiliary operations revenues which was attributable to higher participation by students.

General revenues include property taxes, state aid, county equalization, federal unrestricted aid, interest income, and other revenues. General revenues increased \$371,976 due to increases in property taxes, state aid and other revenues. Property taxes increased \$125,245 due to changes in property tax rates and continued improvement in the economy. State aid increased \$218,261 and county equalization increased \$14,401 due to an increased allocation per pupil by the State based on an increase in the State's budget allocation. Other revenues increased \$20,754 due to several large donations from local corporations.

District expenses increased \$615,407, mainly due to increases in instruction expenses as a result of an increase in student counts, an increase in the cost of providing meals to students and increases in grant expenses as a result of increased funding opportunities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,938,376, an increase of \$563,405 in comparison with the prior year. Approximately 87% of this total amount (\$1,678,980) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that is restricted by parties outside the District or not available for new spending.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

At fiscal year-end June 30, 2015, balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2013-14
General Fund	\$ 1,687,024	\$ 570,054
Food Service Fund	6,626	3,061
Special Projects Fund	12,057	(477)
Debt Service Fund	15,803	(3,187)
Nonmajor Governmental Funds	216,866	(6,046)

The General Fund increase of \$570,054 during the fiscal year was due to a concerted effort to limit non-essential expenditures to limit the need for borrowing to offset the state's carry-forward of revenue.

The changes in Food Service Fund, Special Projects Fund, Debt Service Fund and Nonmajor Governmental Funds were not considered significant.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$25,116. Significant amendments were as follows:

- ◆ \$154,728 increase in regular education.
- ◆ \$89,179 decrease in special education.
- ◆ \$2,503 increase in transportation.
- ◆ \$35,568 decrease in dropout prevention programs.
- ◆ \$7,368 decrease in K-3 Reading Programs

The net increase in the budget was due to changes in staffing and operational needs that weren't known at the time the original budget was drafted. In Arizona, school districts can amend their budgets based on student growth numbers that were not available at the time of budget adoption.

District expenditures (on a budgetary basis) were less than budget by \$88,488. The District, through its strong fiscal policy was able to operate within its budget constraints.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$4,386,737 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and improvements, and furniture, equipment and vehicles. The net decrease in the District's investment in capital assets for the current fiscal year was 7.5%.

Major capital asset events during the current fiscal year included the following:

- ◆ Purchase of new CNC Router for \$11,103.
- ◆ Purchase of new high school gym equipment for \$22,816.
- ◆ Disposal of various old equipment and other improvements for \$147,975.
- ◆ Depreciation expense of \$282,539.

**Table A-4
Capital Assets (Net)**

	Governmental Activities	
	2015	2014
Land	\$ 174,911	\$ 174,911
Land Improvements	125,452	167,305
Buildings and Improvements	3,478,934	3,625,739
Furniture, Equipment, and Vehicles	607,440	775,173
Total Capital Assets, Net	\$ 4,386,737	\$ 4,743,128

Additional information on the District's capital assets can be found in Note 3.A.3. of this report.

Long-Term Debt – At the end of the current fiscal year, the District had total bonded debt outstanding of \$395,000. All this debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Debt**

	Governmental Activities	
	2015	2014
General Obligation Bonds	\$ 395,000	\$ 525,000

The District's bonded debt decreased by a net \$130,000 (24.8 percent) during the current fiscal year. This decrease was due to scheduled principal payments maturing during the current fiscal year.

Additional information on the District's long-term debt can be found in Note 3.D. of this report.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- ◆ Continued increases in enrollment provide growth in both budget and expenditures.
- ◆ While development continues in Pima, it is not generating a significant increase in the assessed valuation, so we expect that increased budget capacity will lead to increased property tax rates.
- ◆ Currently the District is well below its debt percentage limit, but continued growth in enrollment may lead to the need for new construction and associated debt, within the next two years

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pima Unified School District No. 6, Business Manager, 170 S. Main Street, P.O. Box 429, Pima, Arizona, 85543.

BASIC FINANCIAL STATEMENTS

PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and Investments	\$ 692,295
Receivables	
Property Taxes	82,107
Intergovernmental	1,489,040
Inventory	10,896
Capital Assets:	
Non-Depreciable	174,911
Depreciable, Net	4,211,826
Total Assets	6,661,075
 DEFERRED OUTFLOWS OF RESOURCES	 830,692
LIABILITIES	
Accounts Payable	124,282
Accrued Interest	12,150
Matured Debt Principal Payable	130,000
 Long-Term Liabilities:	
Net Pension Liability	4,440,367
Due Within One Year	178,606
Due in More Than One Year	399,161
Total Liabilities	5,284,566
 DEFERRED INFLOWS OF RESOURCES	 776,483
NET POSITION	
Net Investment in Capital Assets	3,981,641
Restricted	
Instructional Improvements	49,965
Classroom Site	57,091
Federal and State Projects	12,057
Food Services	6,626
Debt Service	27,829
Noninstructional Programs	33,417
Community Programs	2,494
Vocational Education Programs	73,899
Unrestricted	(2,814,301)
Total Net Position	\$ 1,430,718

See accompanying Notes to Basic Financial Statements.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 3,708,125	\$ 36,909	\$ 669,250	\$ -	\$ (3,001,966)
Support Services:					
Students	244,579	2,500	13,741	-	(228,338)
Instructional Staff	181,903	899	71,165	-	(109,839)
General Administration	184,379	1,943	667	-	(181,769)
School Administration	304,590	3,363	720	-	(300,507)
Business and Other Support Services	243,326	2,274	1,479	-	(239,573)
Operation and Maintenance of Plant	598,500	6,075	22,161	-	(570,264)
Student Transportation	268,672	2,271	14,482	-	(251,919)
Operation of Noninstructional Services	426,423	174,175	294,828	-	42,580
Interest on Long-Term Debt	20,260	-	-	-	(20,260)
Total	<u>\$ 6,180,757</u>	<u>\$ 230,409</u>	<u>\$ 1,088,493</u>	<u>\$ -</u>	<u>(4,861,855)</u>
		General Revenues:			
					Property Taxes 918,788
					Grants and Contributions Not Restricted to Specific Programs
					State Equalization and Additional State Aid 3,846,661
					County Equalization 155,942
					Federal Aid Not Restricted 56,622
					Investment Earnings 2,593
					Other 68,249
					<u>Total General Revenues 5,048,855</u>
					Change in Net Position 187,000
					Net Position - Beginning - As Restated 1,243,718
					<u>Net Position - Ending \$ 1,430,718</u>

See accompanying Notes to Basic Financial Statements.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Food Service	Special Projects	Debt Service Fund
ASSETS				
Cash and Investments	\$ 281,999	\$ 75,969	\$ -	\$ 155,922
Receivables				
Property Taxes	68,050	-	-	14,057
Intergovernmental	1,388,966	11,961	49,652	-
Inventory	8,044	2,852	-	-
Due from Other Funds	30,447	-	-	-
Total Assets	<u>1,777,506</u>	<u>90,782</u>	<u>49,652</u>	<u>169,979</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts Payable	32,978	84,156	7,148	-
Accrued Interest	-	-	-	12,150
Due to Other Funds	-	-	30,447	-
Matured Debt Principal Payable	-	-	-	130,000
Total Liabilities	<u>32,978</u>	<u>84,156</u>	<u>37,595</u>	<u>142,150</u>
Deferred Inflows of Resources				
Unavailable Revenue	57,504			12,026
Fund Balances				
Nonspendable	8,044	2,852	-	-
Restricted	-	3,774	12,057	15,803
Unassigned	1,678,980	-	-	-
Total Fund Balances	<u>1,687,024</u>	<u>6,626</u>	<u>12,057</u>	<u>15,803</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,777,506</u>	<u>\$ 90,782</u>	<u>\$ 49,652</u>	<u>\$ 169,979</u>

Nonmajor Governmental Funds	Totals
\$ 178,405	\$ 692,295
-	82,107
38,461	1,489,040
-	10,896
-	30,447
<u>216,866</u>	<u>2,304,785</u>
-	124,282
-	12,150
-	30,447
<u>-</u>	<u>130,000</u>
-	296,879
-	69,530
-	10,896
216,866	248,500
-	1,678,980
<u>216,866</u>	<u>1,938,376</u>
<u>\$ 216,866</u>	<u>\$ 2,304,785</u>

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**PIMA UNIFIED SCHOOL DISTRICT NO. 6
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balances for Governmental Funds	\$ 1,938,376
Amounts reported for governmental activities in the statement of net position are different because:	
Property taxes not collected within 60 days subsequent to fiscal year end are unavailable in the governmental funds.	69,530
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	10,286,124
Less Accumulated Depreciation	(5,899,387)
Capital Assets Used in Governmental Activities	4,386,737
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	830,692
Deferred Inflows of Resources Related to Pensions	(776,483)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension Liability	(4,440,367)
General Obligation Bonds	(395,000)
Unamortized Premium	(10,096)
Compensated Absences	(172,671)
Total Net Position of Governmental Activities	\$ 1,430,718

See accompanying Notes to Basic Financial Statements.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General Fund	Food Service	Special Projects	Debt Service Fund
REVENUES				
Property Taxes	\$ 749,702	\$ -	\$ -	\$ 151,015
Intergovernmental	4,072,122	296,568	327,779	-
Tuition	6,444	-	-	-
Food Service Sales	-	85,221	-	-
Auxiliary Operations	88,627	-	-	-
Charges for Services	50,117	-	-	-
Investment Earnings	1,647	146	80	98
Other	63,532	-	-	-
Total Revenues	5,032,191	381,935	327,859	151,113
EXPENDITURES				
Current:				
Instruction	2,712,632	-	218,496	-
Support Services:				
Students	222,602	-	1,059	-
Instructional Staff	80,078	-	64,603	-
General Administration	173,035	-	654	-
School Administration	299,417	-	705	-
Business and Other Support Services	202,451	275	1,238	-
Operations and Maintenance of Plant	540,909	1,950	20,219	-
Student Transportation	202,209	-	14,190	-
Operation of Noninstructional Services	29,147	376,945	-	-
Debt Service:				
Principal Retirement	-	-	-	130,000
Interest on Long-Term Debt	-	-	-	24,300
Capital Outlay:				
Facilities Acquisition	3,356	-	-	-
Total Expenditures	4,465,836	379,170	321,164	154,300
Excess (Deficiency) of Revenues Over Expenditures	566,355	2,765	6,695	(3,187)
Other Financing Sources (Uses)				
Transfers In	7,172	-	-	-
Transfers Out	-	-	(7,172)	-
Total Other Financing Sources (Uses)	7,172	-	(7,172)	-
Net Change in Fund Balances	573,527	2,765	(477)	(3,187)
FUND BALANCES				
Beginning of Year	1,116,970	3,565	12,534	18,990
Increase (Decrease) in Inventories	(3,473)	296	-	-
End of Year	\$ 1,687,024	\$ 6,626	\$ 12,057	\$ 15,803

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 900,717
430,600	5,127,069
-	6,444
-	85,221
-	88,627
-	50,117
626	2,597
25,366	88,898
<u>456,592</u>	<u>6,349,690</u>
394,935	3,326,063
12,753	236,414
35,214	179,895
-	173,689
-	300,122
4,399	208,363
1,367	564,445
13,970	230,369
-	406,092
-	130,000
-	24,300
-	3,356
<u>462,638</u>	<u>5,783,108</u>
(6,046)	566,582
-	7,172
-	(7,172)
<u>-</u>	<u>-</u>
(6,046)	566,582
222,912	1,374,971
-	(3,177)
<u>\$ 216,866</u>	<u>\$ 1,938,376</u>

PIMA UNIFIED SCHOOL DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances-Total Governmental Funds \$ 566,582

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	33,919
Less Current Year Depreciation	(282,539)
Excess Depreciation over Capital Expenditures	(248,620)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. (107,771)

Some revenues reported in the statement of activities did not provide current financial resources in the governmental funds and were therefore reported as deferred inflows of resources in the governmental funds.

Property Taxes	18,071
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension Contributions	279,474
Pension Expense	(433,741)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these items are amortized over the term of the long-term debt in the statement of activities.

Principal Payments on Bonds	130,000
Amortization of Premium	4,040

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net Change in Compensated Absences	(17,858)
Change in Inventory Balances	(3,177)

Change in Net Position of Governmental Activities \$ 187,000

PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 57,873</u>
LIABILITIES	
Due to Student Groups	<u>\$ 57,873</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Pima Unified School District No. 6 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

For the year ended June 30, 2015, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statements No. 68 and No. 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

A. Reporting Entity

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

State, Federal and County aid, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

Major Governmental Funds

The *General Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within five subsections titled regular education programs, special education programs, pupil transportation, dropout prevention programs, and special k-3 program override.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Food Service Fund* is a special revenue fund that accounts for the revenues and expenditures of the District's food service program.

The *Special Projects Fund* is a special revenue fund that accounts for the revenues and expenditures of state and federally funded projects.

Debt Service Fund accounts for resources accumulated and used for the payment of long-term debt principal, interest and related costs.

Additionally, the District reports the following fund type:

Fiduciary Fund

Agency Fund

The Agency Fund is custodial in nature and does not present results of operations or a measurement focus and is described as follows:

The Student Activities Fund accounts for monies raised by students to finance student clubs and organizations but held by the District as an agent.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

1. Deposits and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Arizona Revised Statutes (A.R.S.) requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes.

Statute authorizes the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes, employee insurance programs, and federal savings bonds. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

2. Property Tax Receivable

Graham County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Intergovernmental Receivable

Intergovernmental receivables account for federal grants (\$112,246), state grants and aid (\$1,351,286), and other miscellaneous revenues (\$25,508) earned, but not yet received at June 30, 2015.

4. Short-Term Interfund Receivables/Payables

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

5. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. In the government-wide financial statements an expense is recorded when consumed.

6. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Land Improvements	20-30 Years
Buildings and Improvements	50 Years
Furniture, Equipment and Vehicles	5-20 Years

7. Deferred Outflows of Resources

The deferred outflows of resources reported in the government-wide financial statements, represent future outflows related to the difference between expected and actual experience on pension plan investments, changes in the difference between the District's proportion of the pension contribution and actual contributions and contributions subsequent to the measurement date.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

8. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. 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.

11. Deferred Inflows of Resources

The District also recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the net difference between projected and actual earnings on pension plan investments.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

11. Deferred Inflows of Resources (Continued)

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2015 or within 60 days of fiscal year end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

12. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The net investment in capital assets is separately reported because capital assets, net of related, which make up a significant portion of total net position is not available for future spending. Restricted net position accounts for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

The government-wide financial statements report \$263,378 of restricted net position, none of which is restricted by enabling legislation.

13. Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances. Commitments must be made or removed prior to fiscal year end through a formal board action at a public meeting.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

13. Fund Balance Classifications (Continued)

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Governing Board has appointed the Business Manager to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When expenditures are incurred that can be paid from either restricted or unrestricted fund balances, it is the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

The District has classified its fund balances as follows:

	General Fund	Food Service Fund	Special Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Nonspendable						
Inventory	\$ 8,044	\$ 2,852	\$ -	\$ -	\$ -	\$ 10,896
Restricted						
Instructional Improvement Programs	-	-	-	-	49,965	49,965
Teacher Compensation Programs	-	-	-	-	57,091	57,091
Federal and State Programs	-	-	12,057	-	-	12,057
Food Service	-	3,774	-	-	-	3,774
Community Programs	-	-	-	-	2,494	2,494
Vocational Education Programs	-	-	-	-	73,899	73,899
Noninstructional Programs	-	-	-	-	33,417	33,417
Debt Service	-	-	-	15,803	-	15,803
Total Restricted	-	3,774	12,057	15,803	216,866	248,500
Unassigned	1,678,980	-	-	-	-	1,678,980
Total Fund Balance	<u>\$ 1,687,024</u>	<u>\$ 6,626</u>	<u>\$ 12,057</u>	<u>\$ 15,803</u>	<u>\$ 216,866</u>	<u>\$ 1,938,376</u>

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures (See Notes to Required Supplementary Information for exception). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within five subsections (see preceding description of General Fund), any of which may be overexpended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

An annual budget of revenue from all sources for the fiscal year is not prepared by the District.

Supplementary appropriations in the amount of \$25,116 were approved through revised budgets during year.

B. Stewardship, Compliance and Accountability

1. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
Major Governmental Funds:	
Food Service Fund	\$ 369,170
Nonmajor Governmental Funds:	
Instructional Improvement Fund	17,285

Cash was available to meet the overexpenditures listed above.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2015 consist of the following:

Deposits:			
	Cash in Bank	\$	131,732
Investments:			
	Cash on Deposit with County Treasurer		618,436
	Total Deposits and Investments		750,168
Less: Fiduciary Fund			(57,873)
	Total Cash and Investments	\$	692,295

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District does not have a formal policy regarding custodial credit risk. The bank balance of the cash in bank at June 30, 2015 totaled \$134,635 the full balance of which was insured by federal depository insurance.

Investments

At June 30, 2015 the District’s investments were reported at fair value. The District’s investments included only cash on deposit with the County Treasurer.

The District’s investment in the County Treasurer’s investment pools represents its proportionate interest in those pools’ portfolios; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk. Cash with the County Treasurer is not rated by a quality credit rating agency.

Interest Rate Risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

Investment Type	Maturity Less than 1 year
Cash on Deposit with County Treasurer	\$ 618,436

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Credit Risk – The District does not have a formal investment policy in regards to credit risk. However, the District is prohibited by State law from investing in investments other than State and County Treasurer’s investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District does not have a formal investment policy in regards to custodial credit risk. However, the District’s investments are not subject to custodial credit risk.

2. Receivables

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the amounts reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable	
General Fund	\$ 57,504
Debt Service Fund	<u>12,026</u>
	<u><u>\$ 69,530</u></u>

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 174,911	\$ -	\$ -	\$ 174,911
Capital Assets, Being Depreciated:				
Land Improvements	297,178	-	(33,070)	264,108
Buildings Improvements	6,339,943	-	(6,850)	6,333,093
Furniture, Equipment, and Vehicles	3,588,148	33,919	(108,055)	3,514,012
Total Capital Assets, Being Depreciated	10,225,269	33,919	(147,975)	10,111,213
Accumulated Depreciation for:				
Land Improvements	(129,873)	(9,448)	665	(138,656)
Buildings Improvements	(2,714,204)	(146,805)	6,850	(2,854,159)
Furniture, Equipment, and Vehicles	(2,812,975)	(126,286)	32,689	(2,906,572)
Total Accumulated Depreciation	(5,657,052)	(282,539)	40,204	(5,899,387)
Total Capital Assets, Being Depreciated, Net				
	4,568,217	(248,620)	(107,771)	4,211,826
Governmental Activities Capital Assets, Net				
	<u>\$ 4,743,128</u>	<u>\$ (248,620)</u>	<u>\$ (107,771)</u>	<u>\$ 4,386,737</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 193,576
Support Services:	
Instructional Support Staff	5,480
School Administration	212
Business and Other Support Services	16,243
Operations and Maintenance of Plant	24,447
Student Transportation	31,643
Operation of Noninstructional Services	10,938
	<u>\$ 282,539</u>

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables/Payables and Transfers

As of June 30, 2015 interfund receivables and payables were as follows:

Due To	Due From Special Projects Fund
General Fund	\$ 30,447

The above interfund receivables and payables were recorded to cover a short-term cash short-fall in the Special Projects Fund. Cash was received subsequent to June 30, 2015 to cover the deficit in the fund.

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfers To	Transfer From Special Projects Fund
General Fund	\$ 7,172

The transfer from the Special Projects Fund to the General Fund was made to record the District's indirect costs on grants passed through the Arizona Department of Education.

C. Line of Credit

The District has an unsecured line of credit for \$1,400,000 with the Graham County Treasurer's Office, to provide for short-term cash flow needs. The outstanding balance at June 30, 2015 was \$0. The annual interest rate charged on the outstanding balance was the U.S. prime rate (approximately 3.5%) plus 0.57%. Line of credit activity for fiscal year is as follows:

Balance at July 1, 2014	\$ 507,430
Increases	-
Decreases	<u>(507,430)</u>
Balance at June 30, 2015	<u>\$ -</u>

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long Term Obligations

The District has long-term bonds payable issued to provide funds for improvements to existing schools. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Maturity Dates	Original Issue Amounts	Amount Outstanding
School Improvement Bonds, Project of 2007, Series 2008	4.25-5.0%	07/01/2016-18	\$ 1,170,000	\$ 395,000

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	July 1, 2014	Additions	Retirements	June 30, 2015	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 525,000	\$ -	\$ (130,000)	\$ 395,000	\$ 135,000
Premium on Bonds	14,136	-	(4,040)	10,096	-
Total Bonds Payable	539,136	-	(134,040)	405,096	135,000
Other Liabilities:					
Compensated Absences	154,813	58,509	(40,651)	172,671	43,606
Governmental Activities Long-Term Debt	\$ 693,949	\$ 58,509	\$ (174,691)	\$ 577,767	\$ 178,606

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2015.

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2016	\$ 135,000	\$ 17,800
2017	140,000	11,050
2018	120,000	5,100
Totals	\$ 395,000	\$ 33,950

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Change in Accounting Principle

During the year ended June 30, 2015, the Pima Unified School District No. 6 adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Subsequent to the Measurement Date*. These pronouncements require the restatement of the June 30, 2014, net position of the governmental activities, as follows:

	Net Position as Previously Stated	Cumulative Effect of Application of GASB 68 Net Pension Liability	Cumulative Effect of Application of GASB 71 Deferred Outflow of Resources for Contributions Made During 2013-14	Net Position As Restated
Governmental Activities	\$ 5,475,609	\$ (4,521,340)	\$ 289,449	\$ 1,243,718

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's insurance protection is provided by the Arizona School Risk Retention Trust, of which the District is a participating member. The limit for basic coverage is \$10 million per occurrence on a claims made basis. Excess coverage is for an additional \$35 million per occurrence on a follow form, claims made basis, with an aggregate limit of \$50 million.

The Arizona School Risk Retention Trust is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans

Cost Sharing Pension Plans

The District contributes to the Arizona State Retirement System (ASRS), a cost-sharing multiple-employer defined benefit pension plan. The plan is a component unit of the State of Arizona.

At June 30, 2015, the District reported the following amounts related to its proportionate share of the ASRS pension plan:

Statement of Net Position and Statement of Activities	Governmental Activities
Net Pension Liability	\$ 4,440,367
Deferred Outflows of Resources	830,692
Deferred Inflows of Resources	776,483
Pension Expense	433,741

The District did not have any accrued and outstanding pension contribution amounts payable to ASRS as of June 30, 2015.

Arizona State Retirement System

Plan Descriptions – All full-time and qualifying part-time District employees participate in ASRS. The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement	
	Initial Membership Date	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 year age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percentage per year of service	2.1% to 2.3 %	2.1% to 2.3 %

* With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for the health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS.

The District's contributions to the pension plan for the year ended June 30, 2015, were \$279,474.

The District's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30,</u>	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	\$ 15,141	\$ 3,018
2014	16,541	6,616
2013	17,883	6,603

During the fiscal year ended June 30, 2015, the District paid for ASRS pension and OPEB contributions as follows: 86 percent from the General Fund, less than 1 percent from the Food Service Fund, 4 percent from the Special Projects Fund, and 10 percent from other funds.

Pension Liability – At June 30, 2015, the District reported a liability of \$4,440,367 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014.

The District's reported liability at June 30, 2015, decreased by \$80,973 from the District's prior year liability of \$4,521,340 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's fiscal year 2014 contributions. The District's proportion measured as of June 30, 2014, was 0.030009 percent, which was an increase of 0.002812 percent from its proportion measured as of June 30, 2013.

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2015 the District recognized pension expense for ASRS of \$433,741. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 225,672	\$ -
Net difference between projected and actual earnings on pension plan investments	-	776,483
Changes in proportion and differences between District contributions and proportionate share of contributions	325,546	-
District contributions subsequent to the measurement date	<u>279,474</u>	<u>-</u>
Total	<u>\$ 830,692</u>	<u>\$ 776,483</u>

The \$279,474 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ 45,539
2017	45,539
2018	(122,223)
2019	(194,120)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Valuation Date	June 30, 2013
Actuarial Roll Forward Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8%
Projected Salary Increases	3 - 6.75%
Inflation	3%
Permanent Benefit Increase	Included
Mortality Rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial study for the five-year period ended June 30, 2012.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
Equity	63%	7.03%
Fixed Income	25%	3.20%
Real Estate	8%	4.75%
Commodities	4%	4.50%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, 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 1 percent percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Rate (8%)	1% Increase (9%)
District’s proportionate share of the net pension liability	\$ 5,612,396	\$ 4,440,367	\$ 3,804,482

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

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**PIMA UNIFIED SCHOOL DISTRICT NO. 6
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
COST SHARING PENSION PLANS
JUNE 30, 2015**

Schedule of Proportionate Share of Net Pension Liability

Arizona State Retirement System

	Reporting Year (Measurement Date)
	2015 (2014)
District's Proportion of the Net Pension Liability	0.030009%
District's Proportionate Share of the Net Pension Liability	\$ 4,440,367
District's Covered-Employee Payroll	\$ 2,994,507
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	148.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%

Schedule of District Contributions

Arizona State Retirement System

	Reporting Fiscal Year	
	2015	2014
Statutorily Required Contribution	\$ 279,474	\$ 289,449
District's Contribution in Relation to the Statutorily Required Contribution	279,474	289,449
District's Contribution Deficiency (Excess)	\$ -	\$ -
District's Covered-Employee Payroll	\$ 2,871,122	\$ 2,994,507
District's Contributions as a Percentage of Covered- Employee Payroll	9.73%	9.67%

See accompanying Notes to Required Supplementary Information Other Than MD&A.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ 747,633	\$ 747,633
Intergovernmental	-	-	3,765,632	3,765,632
Tuition	-	-	6,444	6,444
Charges for Services	-	-	10,262	10,262
Investment Earnings	-	-	408	408
Other	-	-	14,009	14,009
Total Revenues	-	-	4,544,388	4,544,388
EXPENDITURES				
Regular Education				
Instruction	1,904,220	2,106,027	2,184,200	(78,173)
Support Services - Students	146,344	194,864	211,682	(16,818)
Support Services - Instructional Staff	27,044	26,805	33,337	(6,532)
Support Services - General Administration	188,323	186,885	236,941	(50,056)
Support Services - School Administration	289,519	288,417	298,665	(10,248)
Support Services - Business and Other	247,959	244,317	156,671	87,646
Operations and Maintenance of Plant	619,543	530,844	463,663	67,181
Operation of Noninstructional Services	35,119	34,640	29,147	5,493
Total Regular Education	3,458,071	3,612,799	3,614,306	(1,507)
Special Education				
Instruction	665,677	626,643	562,886	63,757
Support Services - Students	66,864	16,719	17,454	(735)
Support Services - Instructional Staff	700	700	242	458
Support Services - General Administration	1,000	1,000	431	569
Total Special Education	734,241	645,062	581,013	64,049
Pupil Transportation				
Student Transportation Services	161,825	164,328	144,449	19,879
Dropout Prevention Programs				
Instruction	35,568	-	-	-
K-3 Reading Program				
Instruction	31,562	24,194	18,127	6,067
Total Expenditures	4,421,267	4,446,383	4,357,895	88,488
Excess (Deficiency) of Revenues Over Expenditures	(4,421,267)	(4,446,383)	186,493	4,632,876
FUND BALANCE				
Beginning of Year	-	-	704,484	704,484
Decrease in Inventories	-	-	(3,473)	(3,473)
End of Year	\$ (4,421,267)	\$ (4,446,383)	\$ 887,504	\$ 5,333,887

See accompanying Notes to Required Supplementary Information Other Than MD&A.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUE			
Intergovernmental	\$ -	\$ 296,568	\$ 296,568
Food Service Sales	-	85,221	85,221
Investment Earnings	-	146	146
Total Revenues	-	381,935	381,935
EXPENDITURES			
Support Services			
Business and Other Support Services	-	275	(275)
Operations and Maintenance of Plant	-	1,950	(1,950)
Operation of Noninstructional Services	10,000	376,945	(366,945)
Total Expenditures	10,000	379,170	(369,170)
Excess (Deficiency) of Revenues Over Expenditures	(10,000)	2,765	12,765
Fund Balance - Beginning of Year	-	3,565	3,565
Increase in Nonspendable for Inventories	-	296	296
Fund Balance - End of Year	\$ (10,000)	\$ 6,626	\$ 16,626

See accompanying Notes to Required Supplementary Information Other Than MD&A.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUE			
Intergovernmental	\$ -	\$ 327,779	\$ 327,779
Investment Earnings	-	80	80
Total Revenues	<u>-</u>	<u>327,859</u>	<u>327,859</u>
EXPENDITURES			
Instruction	368,283	218,496	149,787
Support Services			
Students	1,785	1,059	726
Instructional Staff	108,891	64,603	44,288
General Administration	1,102	654	448
School Administration	1,188	705	483
Business and Other Support Services	2,087	1,238	849
Operations and Maintenance of Plant	34,080	20,219	13,861
Student Transportation	23,918	14,190	9,728
Total Expenditures	<u>541,333</u>	<u>321,164</u>	<u>220,169</u>
Excess (Deficiency) of Revenues Over Expenditures	(541,333)	6,695	548,028
OTHER FINANCING USES			
Transfers Out	<u>-</u>	<u>(7,172)</u>	<u>(7,172)</u>
Net Change in Fund Balance	(541,333)	(477)	540,856
Fund Balance - Beginning of Year	-	12,534	12,534
Fund Balance - End of Year	<u>\$ (541,333)</u>	<u>\$ 12,057</u>	<u>\$ 553,390</u>

See accompanying Notes to Required Supplementary Information Other Than MD&A.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A
JUNE 30, 2015

NOTE 1 PENSION PLAN

Information prior to the measurement date (June 30, 2014) was not available.

NOTE 2 BASIS OF ACCOUNTING

The General Fund budgetary comparison schedule is prepared on the budgetary basis of accounting. See Note 3 for a reconciliation of the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual to the Statement of Revenues, Expenditures, and Changes in Fund Balance. The Food Service and Special Projects funds are reported on essentially the same modified accrual basis of accounting as the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 3 BUDGETARY COMPARISON SCHEDULE RECONCILIATION

The District's adopted budget is prepared on a basis consistent with U.S. generally accepted accounting principles, with the following exception:

1. The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District's Maintenance and Operation Fund in addition to several other internally maintained District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund Budget.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance of only the District's Maintenance and Operation Fund for budgetary purposes.

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources and Uses</u>	<u>Fund Balance Beginning of Year</u>	<u>Fund Balance End of Year</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 5,032,191	\$ 4,465,836	\$ 7,172	\$ 1,116,970	\$ 1,687,024
Non Maintenance and Operation Activity Included in General Fund	(487,803)	(399,875)	(7,172)	(340,417)	(435,517)
Fiscal Year 2014-15 insurance budgeted in fiscal year 2013-14	-	(72,069)	-	(72,069)	-
Fiscal Year 2015-16 insurance budgeted in fiscal year 2014-15	-	364,003	-	-	(364,003)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	<u>\$ 4,544,388</u>	<u>\$ 4,357,895</u>	<u>\$ -</u>	<u>\$ 704,484</u>	<u>\$ 887,504</u>

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SINGLE AUDIT ACT REPORTS SECTION

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INDEPENDENT AUDITORS' 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

Governing Board
Pima Unified School District No. 6
Pima, Arizona

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, each major fund, and the aggregate remaining fund information of Pima Unified School District No. 6 (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2016.

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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2015-001 and 2015-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District’s Response to Findings

The District’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Phoenix, Arizona
March 29, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
Pima Unified School District No. 6
Pima, Arizona

Report on Compliance for Each Major Federal Program

We have audited Pima Unified School District No. 6 (District)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on the Child Nutrition Cluster Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding CFDA Numbers 10.553, 10.555 and 10.559 Child Nutrition Cluster as described in findings 2015-003 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Pima Unified School District No. 6 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster Program for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-004 and 2014-005. Except as noted above, our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-004 and 2014-005 to be significant deficiencies.

District's Response to Findings

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Phoenix, Arizona
March 29, 2016

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: *Unmodified*
 Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified not considered to be material weakness? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified not considered to be material weakness? X yes none reported

Type of auditors’ report issued on compliance for major programs: *Qualified for Child Nutrition Cluster – Special Tests and Provisions*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

2015-001: Oversight of the Financial Reporting Process

Condition/Context: The District did not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures and the schedule of federal expenditures.

The audit firm proposed and the District approved the GASB 34 conversion entries and entries to convert the fund financial statements from the cash basis to the modified accrual basis of accounting. The absence of a complete control procedure or process in this area is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the District's internal control processes.

Criteria: The District should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include recording year end accruals and adequately reviewing the year-end financial statements, including the GASB 34 conversion entries.

Effect: The audit firm proposed the GASB 34 conversion entries, as well as entries to convert from the cash basis to the modified accrual basis of accounting. Management reviewed and approved those entries.

Cause: The District has not established controls to ensure accounts are adjusted to their appropriate year-end balances in accordance with GAAP. The District relies on the audit firm to prepare the annual financial statements, related footnote disclosures and the schedule of expenditures of federal awards. The District has reviewed and approved the proposed adjustments and draft financial statements.

Recommendation: We recommend the District continue to evaluate its internal control processes over financial statement preparation. Should the District elect to establish the "full oversight" of the financial statement preparation, we suggest management establish effective review policies and procedures, including, but not limited to, the following functions: review the adequacy of financial statement disclosures by completing a disclosure checklist; review and approve schedules and calculations supporting the amounts included in the notes to basic financial statements; and perform other procedures considered necessary by management.

Response: The District concurs with this recommendation; however, the District will continue to contract the audit firm to compile the financial statements and will continue to review the year-end financial statements and related disclosures.

Contact: Sean Rickert, Superintendent

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2015-002: Material Audit Adjustments

Condition: Material audit adjustments were necessary to accrue and reverse prior year grant revenues, accrue and reverse prior year expenditure accruals, adjust cash and accounts payable and accounts receivables for expenditures incurred and revenues received during the encumbrance period, and corrections of errors for overcharging grants and misposting revenues and expenditures. These entries related to the internal controls over the year-end close out process.

Criteria: Management is responsible for establishing and maintaining internal controls, including monitoring the application of accounting standards, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Effect: Internal control weakness as material audit adjustments were proposed and subsequently recorded to present the financial statements in accordance with generally accepted accounting principles.

Cause: Error in year-end close-out adjustment from the County when recording adjustments and accruals and a lack of adequate controls to ensure the financial statement are in accordance with generally accepted accounting principles.

Recommendation: We recommend management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassification entries and develop internal control policies to ensure proper recording of account balances.

Response: The District concurs with this recommendation and will review year end close out procedures.

Contact Person: Sean Rickert, Superintendent

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**U.S. Department of Agriculture – Food and Nutrition
Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555, 10.559
Passed through the Arizona Department of Education
Pass Through Number: S0491501
Award Period: July 1, 2014 – June 30, 2015**

2015-003

Condition: The District did not retain income verifications and 10-day notifications (as applicable) that were required to be performed on a sample of seven applications.

Context: Seven of seven income verifications required to be performed during fiscal year 2014-15.

Criteria: OMB Circular A-133, Part 4 – Special Tests and Provisions and internal control procedures. By November 15th of each school year, the District should complete and maintain documentation of the income verifications selected for testing.

Questioned Costs: \$296,568.

Effect: Noncompliance with OMB Circular A-133 – Special Tests and Provisions. The District's total federal subsidy and commodities are reported as a questioned cost as the District was unable to provide documentation that the minimum sample size of income verifications were performed.

Cause: Management oversight.

Recommendation: The District must retain documentation to support the number of income verifications completed and the outcome of those income verifications.

Corrective Action Plan: Management concurs with recommendation and will follow up to ensure that income verifications are completed and the information is properly documented and retained.

Contact Person: Sean Rickert, Superintendent

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. Department of Agriculture – Food and Nutrition
Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555, 10.559
Passed through the Arizona Department of Education
Pass Through Number: S0491501
Award Period: July 1, 2014 – June 30, 2015**

2015-004

Condition: Adequate internal controls were not designed and implemented to ensure national school lunch program (NSLP) claims were reviewed and approved prior to submission to a third party, resulting in a misstatement of meals claimed.

Context: For three of three months tested, the District lacked documentation of an independent review of the meal claims prior to submission to the Arizona Department of Education and for three of three months tested, the meals claimed did not agree with the District's nutrition software.

Criteria: OMB Circular A-133, Part 3 - Reporting and internal control procedures.

Questioned Costs: Known - \$1,153; Likely - \$4,139.

Effect: Noncompliance with OMB Circular A-133, Part 3 and internal control deficiency. The likely overstatement of meal claims was projected based on the actual errors multiplied by the error rate.

Cause: Management oversight.

Recommendation: In order to comply with OMB Circular A-133 and to strengthen internal controls, the District should develop procedures requiring an independent review of the meal claim summaries, prior to submission, to prevent and detect a misstatement in the monthly meal claim.

Corrective Action Plan: Management concurs with recommendation and will review policies to ensure that reviews are conducted of meal claim reimbursements prior to submission beginning in April 2016.

Contact Person: Sean Rickert, Superintendent

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. Department of Agriculture – Food and Nutrition
Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555, 10.559
Passed through the Arizona Department of Education
Pass Through Number: S0491501
Award Period: July 1, 2014 – June 30, 2015**

2015-005

Condition: The District's review and approval process of free and reduced income applications did not function as designed, resulting in students being misclassified as free or reduced.

Context: For two of twenty-three income applications tested, the student was misclassified as free or reduced.

Criteria: OMB Circular A-133, Part 4 – Eligibility and internal control procedures.

Questioned Costs: Known - \$622; Likely - \$7,154.

Effect: Noncompliance with OMB Circular A-133, Part 4 – Eligibility and internal control deficiency. The likely questioned cost was projected based on the actual errors multiplied by the error rate.

Cause: Management oversight.

Recommendation: In order to comply with OMB Circular A-133 and strengthen internal controls, the District should review the performance of its designed controls to determine controls are being adequately performed to detect and correct misstatements.

Corrective Action Plan: Management concurs with recommendation and will review policies to ensure that reviews are performed on all income determinations beginning in the next fiscal years when income determinations are made.

Contact Person: Sean Rickert, Superintendent

**PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**U.S. Department of Agriculture – Food and Nutrition
Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555, 10.559
Passed through the Arizona Department of Education
Award Period: July 1, 2013 – June 30, 2014
Prior Year Reference Number: 2014-005**

Condition: Annual free and reduced meal applications lacked indication of review and approval by someone independent of the eligibility determination process.

Status: Partially Corrected. For all transactions tested in the current year, proper approval was noted over each application; however, two of twenty three applications tested were determined to be incorrectly classified. See item 2015-005.

Prior Year Reference Number: 2014-006

Condition: Adequate internal controls were not designed and implemented to ensure national school lunch program (NSLP) claims were reviewed and approved prior to submission to a third party.

Status: Not corrected. Similar condition and corrective action plan noted as item 2015-004.

Prior Year Reference Number: 2014-007 and 2012-4

Condition: The District did not retain the income verification report or the actual income verifications that were performed to determine free and reduced price eligibility for a sample of applications.

Status: Not corrected. Similar condition and corrective action plan noted as item 2015-003.

Prior Year Reference Number: 2014-008 and 2012-3

Condition: The District did not retain menus to verify meals served met the minimum nutritional guidelines for meals claimed during the year.

Status: Fully corrected. No instances of this finding noted in the current year.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor Agency	Federal CFDA Number	Pass-through Grantor Number	Expenditures
U.S. Department of Education			
Small, Rural School Achievement Program	84.358	Direct Grant	\$ 25,485
Passed through State of Arizona, Department of Education:			
Title I - LEA	84.010	S010A140003	196,731
Title II - Improving Teacher Quality	84.367	S367A130049	50,993
Vocational Education	84.048	V048A130003	9,947
Total U.S. Department of Education			<u>283,156</u>
U.S. Department of Agriculture - Food and Nutrition			
Passed through State of Arizona, Department of Education:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities)			
National School Lunch Programs	10.555	S0491501	6,008
Cash Assistance			
School Breakfast Programs	10.553	S0491501	44,098
National School Lunch Programs	10.555	S0491501	224,053
Summer Food Programs	10.559	S0491501	20,456
Total U.S. Department of Agriculture - Food and Nutrition			<u>294,615</u>
U.S. Department of Agriculture			
Passed through Graham County, Arizona			
National Forest Fees	10.665	None	1,718
TOTAL FEDERAL AWARDS			<u><u>\$ 579,489</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

PIMA UNIFIED SCHOOL DISTRICT NO. 6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Pima Unified School District No. 6 (District). The District's reporting entity is defined in Note 1 to the District's basic financial statements for the year ended June 30, 2015. All federal awards received directly from federal agencies are included in the schedule.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements for the year ended June 30, 2015.