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AUDITOR GENERAL

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February 21, 2023

Arizona State Board of Education
1700 W. Washington St.
Executive Tower Ste. 300
Phoenix, AZ 85007

Subject: Antelope Union High School District—Still in Noncompliance with the USFR Based on Subsequent Audit Reports

Dear Members of the Board:

We received and reviewed Antelope Union High School District's financial audit reports and the *Uniform System of Financial Records for Arizona School Districts* (USFR) Compliance Questionnaire for the year ended June 30, 2021, which indicated that the District was still in noncompliance with the USFR. We have attached a list of the most significant USFR compliance deficiencies we noted in these reports, including budgetary overspending and negative cash balances reported of:

- \$135,983 in general budget limit overspending.
- \$357,564 in total negative cash balance, in funds that are not legally allowed to spend beyond their available cash resources.
- \$237,476 in federal grant fund negative cash balances resulting from unallowable spending that exceeded federal award amounts and therefore is not eligible for federal reimbursement.

The District reported \$104,951 in interest on registered warrants resulting from its negative cash balances, an increase of 50.5 percent in registered warrant costs from the prior year. The District reported \$1,187,374 in registered warrants on the June 30, 2021, financial statements due to negative cash balances. Further, the District's independent auditor has continued to express substantial doubt about the District's ability to pay future expenditures in a timely manner and to continue operating.

On August 27, 2021, the State Board of Education held a hearing regarding the District's noncompliance with the USFR and directed the Superintendent of Public Instruction to withhold 3 percent of the District's State aid, in accordance with Arizona Revised Statutes §15-272(B).

Antelope Union High School District
February 21, 2023
Page 2

We have provided the District an updated corrective action plan template to document corrective actions it takes to comply with the USFR including addressing its overspending and negative cash balances. Once the District can show that it is no longer in noncompliance with the USFR, it should ask my office to perform a status review.

If you have questions concerning this matter, please call Cris Cable, Director, or Megan Smith, Manager, within our Accountability Services Division at (602) 977-2796.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

cc: Governing Board
Mr. Gregory Copeland, Superintendent
Mr. Aaron Whittle, Business Manager
Antelope Union High School District
The Honorable Thomas Hurt, Yuma County School Superintendent
Mr. Sean Ross, Executive Director
Arizona State Board of Education
Mr. Art Harding, Chief Operations Officer
Ms. Deirdre Mai, Deputy Associate Superintendent, Grants Management
Arizona Department of Education