

AUDITOR GENERAL COMMENTS TO DISTRICT RESPONSE

Based on discussions with the District during the audit and at draft report meetings as well as follow-up research, the following auditor comments are provided to address the District's disagreement with Administration recommendation number seven contained in Chapter 1 of this report. As stated on page 3 of the District's Response, the District believes it accounted for beverage proceeds correctly based on correspondence with its vendor. However, it did not.

Arizona Revised Statutes §41-1279.21 requires the Auditor General's Office to order and enforce a correct and uniform system of accounting by school district officers and instruct them in the proper mode of keeping accounts of their offices. To meet this requirement, the Auditor General's Office and Arizona Department of Education, with input from school district officials, have developed the *Uniform System of Financial Records for Arizona School Districts* (USFR), which includes a standardized Chart of Accounts for school districts to follow. This Chart of Accounts meets the requirements of the U.S. Department of Education's account classifications and was developed to ensure school districts comply with the U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board in its *Codification of Governmental Accounting and Financial Reporting Standards*. In accordance with the USFR, the District's beverage proceeds should have been deposited into its Auxiliary Operations Fund, not its Gifts and Donations Fund, regardless of how the vendor identifies them.

