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DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
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DEPUTY AUDITOR GENERAL

January 31, 2019

Governing Board
Show Low Unified School District No. 10
500 W. Old Linden Rd.
Show Low, AZ 85901

Dear Members of the Board:

In September 2017, we notified you that the District had not complied with the *Uniform System of Financial Records* (USFR) based on our review of the District's fiscal year 2016 financial audit reports and the USFR Compliance Questionnaire prepared by an independent certified public accounting firm, along with the results of our followup on our performance audit dated July 27, 2017. We subsequently reviewed the District's fiscal year 2017 financial audit reports and USFR Compliance Questionnaire and the June 4, 2018 followup on our performance audit and determined the District was still in noncompliance with the USFR.

We recently completed a status review as of October 19, 2018, to determine if the District had made improvements to substantially comply with the USFR. Based on our review of the District's records and procedures and interviews with District personnel, we determined that the District is marginally compliant with the USFR.

To continue to satisfactorily comply with the USFR in future years, District management must act to correct the existing deficiencies. The areas containing the most serious deficiencies and their associated risks are:

Area	Associated Risk
Accounting records and financial reporting: The District did not reconcile its cash balances to the County School Superintendent Office's and County Treasurer's records in a timely manner and did not report accurate and complete financial information on its 2018 Annual Financial Report submitted to the Arizona Department of Education (ADE).	Increases the chance of undiscovered errors and affects the reliability of information reported to the public and oversight agencies.
Student attendance reporting: The District did not accurately report career and technical education district student full-time equivalencies and student withdrawal dates to ADE.	The District may not receive the appropriate amount of State aid and local property taxes.

All remaining deficiencies have been discussed with District management.

We express our appreciation to the District for its cooperation and assistance throughout our review. If you have questions concerning this matter, please contact Megan Smith, Accounting Services Manager, at (602) 553-0333 or msmith@azauditor.gov.

Sincerely,

Laura J.P. Miller, CPA
Accounting Services Director

cc: Mr. Shad Housley, Superintendent
Mr. Greg Schubert, Business Manager
Show Low Unified School District No. 10
The Honorable Jalyn Gerlich, Navajo County School Superintendent
Ms. Shari Zara, Deputy Superintendent Operations
Ms. Sarah Hendrix, Deputy Associate Superintendent, Grants Management
Arizona Department of Education