



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

July 23, 2024

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

**Subject: Naco Elementary School District—Not in Compliance with Audit Reporting Requirements**

Dear Members of the State Board:

We issued a letter on April 16, 2024, informing Naco Elementary School District that we had not received its audit reports and the *Uniform System of Financial Records for Arizona School Districts* (USFR) Compliance Questionnaire (Questionnaire) for the year ended June 30, 2023, which were due by March 31, 2024. We informed the District's Governing Board that if the District did not submit the reports and Questionnaire within 90 days, we would notify the Arizona State Board of Education (State Board) pursuant to Arizona Revised Statutes (A.R.S.) §15-271.

To date, we have not received the District's audit reports and Questionnaire for the year ended June 30, 2023. Consequently, the District has not complied with the USFR and applicable State and federal law regarding report submission, and we request that the State Board take appropriate action as prescribed by A.R.S. §15-272.

In addition to the District's noncompliance with this year's reporting requirements, the District has been in noncompliance with the USFR since December 2022, based on our review of the significant deficiencies cited in the District's audit reports and Questionnaires for years ended June 30, 2021 and 2022. The District submitted a corrective action plan in December 2023, which indicated it had made enough progress in correcting its fiscal year 2022 audit deficiencies, and our Office began a status review in February 2024 to determine whether the District is no longer in noncompliance with the USFR. However, we cannot complete that review until we receive the District's FY 2023 audit reports and Questionnaire. Once received, we will review the reports along with our April 2024 status review results to assess whether the District has complied with the USFR and will notify the District of our determination.

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

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Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

cc: Governing Board  
Mr. Rusty Taylor, Superintendent  
Ms. Kristen King, Business Manager  
Naco Elementary School District  
The Honorable Roy Sandoval, Gila County Schools Superintendent  
Mr. Sean Ross, Executive Director  
Arizona State Board of Education  
Mr. Art Harding, Chief Operations Officer  
Ms. Nicole von Prisk, Deputy Associate Superintendent, Grants Management  
Arizona Department of Education