

Amphitheater Unified School District

Not in compliance with the Uniform System of Financial Records (USFR)

List of deficiencies for the year ended June 30, 2024

Governing board/management procedures—The governing board and District management should establish and implement procedures as required by Arizona Revised Statutes (A.R.S.) to ensure their oversight duties are met.		
	Question	Deficiency
1.	The District annually provided governing board members and employees guidance on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as a part of their employment. A.R.S. §§38-502, 38-503, and 38-509	The District did not annually provide guidance to all governing board members and employees on what constitutes a substantial interest and did not notify all governing board members and employees that disclosing substantial interests is required as a part of their employment.
2.	The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a conflict of interest in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. A.R.S. §§38-502 and 38-503	The District did not obtain COI forms from all employees. One District employee did not submit a COI form for a vendor for which they had a substantial interest.
3.	The governing board established written personnel and payroll policies and approved employee contracts, wage agreements, salary and wage schedules, and any other agreed-upon terms of employment.	For 6 of 50 employees reviewed, the employee's contract or wage agreement was not approved by the Governing Board.
Budgeting—The District should prepare budgets based on legal requirements and allowable uses of monies and monitor spending to accurately inform the public about its planned spending and ensure it stays within those budgets.		
	Question	Deficiency
1.	The budget included all funds as required by A.R.S. §15-905 and followed the form's Budget—Submission and Publication Instructions.	The District did not post the notice of public hearing at least 10 days before the meeting to adopt the December revised budget.

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Accounting records—The District should accurately maintain accounting records to support the financial information it reports and follow processes and controls that reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies.		
	Question	Deficiency
1.	The District coded transactions in accordance with the USFR Chart of Accounts.	The following coding errors were noted on the District's general ledger: <ul style="list-style-type: none">• A One-Time State Aid Supplemental payment of \$1,624,683 was coded to revenue object code 3120—Additional State Aid rather than object code 3100—Unrestricted.• For 7 of 50 payroll transactions reviewed, the positions were coded to expenditure object code 6110-6114—Classroom Teacher Base Salaries rather than object code 6140-6149—Other Certified Staff.
2.	The District reconciled cash balances by fund monthly with the County School Superintendent (CSS) or county treasurer's records, as applicable, and properly supported, documented, and dated the reconciliations.	The District did not reconcile cash balances with the CSS in a timely manner. Monthly reconciliations were not completed until January 2025. The year end cash reconciliation for June 30, 2024, was also not completed until January 2025. Further, the CSS' reconciliation between the District's cash balances and the County Treasurer's balances was not completed in a timely manner. Additionally, reconciling items identified were not fully researched or resolved after the completion of each month's reconciliation.
Cash and revenue—The District should document and control cash transactions to safeguard monies, provide evidence of proper handling to protect employees involved in handling monies from unfounded accusations of misuse, and reduce the risk of theft or loss.		
	Question	Deficiency
1.	The District maintained only authorized bank accounts as listed in the USFR and did not have any inactive bank accounts.	The District inappropriately operated 4 Auxiliary Operations Fund bank accounts.
2.	The District used a Food Service Fund clearing bank account(s) in accordance with USFR page X-F-5 and Arizona Attorney General Opinion I60-35.	Disbursements from the Food Service Fund clearing bank account were not always made to the County Treasurer; specifically, 1 disbursement was made to establish a change fund at a school site.
3.	The District used a Food Service Fund revolving bank account in accordance with A.R.S. §15-1154.	The District's Food Service Fund revolving bank account exceeded \$500 during the fiscal year.

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4.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 2 of 5 miscellaneous and 1 of 15 auxiliary operations cash receipts reviewed, the deposits were not made timely.
5.	The District retained supporting documentation for disbursements from bank accounts.	For 3 of 15 student activities bank account disbursements reviewed, adequate supporting documentation was not retained.

Property control—The District should properly value, classify, and report land, buildings, and equipment on its stewardship and capital assets lists. In addition, the District should safeguard its property, which represents a significant investment of its resources, from theft and misuse.

	Question	Deficiency
1.	The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.	The capital asset schedules did not include a net amount of \$89,914 of construction in progress current year additions. Additionally, the District's reconciliation of capitalized acquisitions to capital expenditures was incomplete as not all current year capital asset additions were included nor were all expenditure account codes.
2.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	For 1 of 5 stewardship items selected from the listing, the item was located in a different location than stated on the listing.
3.	The District reconciled the current year's June 30 capital assets list to the previous year's June 30 list.	The capital asset schedules did not include \$3.3 million of construction in progress projects completed and placed into service during the prior year.

Expenditures—The District should ensure spending approvals document both the allowable District purpose and confirmation that spending was within budget capacity or available cash, to ensure appropriate use of public monies and compliance with budget limits, and to protect employees from unfounded allegations of misuse.

	Question	Deficiency
1.	The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.	For 3 of 50 disbursements reviewed, the purchase order was prepared after the goods or services were ordered or received.
2.	The District's expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent, and were adequately supported by documentation required by the USFR.	For 1 of 50 disbursements reviewed, the District did not provide supporting documentation showing that the good/service was received prior to payment, and the description and quantity on the purchase order could not be agreed to a receiving report.

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3.	The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. A.R.S. §15-393	The District did not maintain documentation that the CTED supplanting worksheet was provided to the CTED.
Travel—The District should ensure employee travel is for an approved District purpose and travel reimbursements are correctly calculated and appropriately supported by travel documentation.		
	Question	Deficiency
1.	The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of the Arizona Department of Administration and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred.	For 1 of 5 travel reimbursements reviewed, the District did not retain adequate supporting documentation. Therefore, it could not be determined whether the employee was reimbursed correctly.
Credit cards and p-cards—The District should control credit cards and p-cards to help reduce the risk of unauthorized purchases and approve purchases to ensure compliance with competitive purchasing requirements in the USFR and School District Procurement Rules.		
	Question	Deficiency
1.	The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.	The District did not maintain documentation that training occurred for all credit card users and employees involved with processing transactions.
Procurement—The District should follow the School District Procurement Rules and USFR purchasing guidelines for purchases it makes to promote fair and open competition among vendors that helps ensure the District receives the best value for the public monies it spends.		
	Question	Deficiency
1.	The District included all required content in the solicitation, as applicable. Arizona Administrative Code (A.A.C.) R7-2-1024(B) or R7-2-1042(A)	For 2 of 13 sealed procurements reviewed, the solicitations did not include notice that the bidder is required to declare whether the bidder has been debarred, suspended, or otherwise lawfully prohibited from participating in any public procurement activity.

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2.	The District obtained signed procurement disclosure statements for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008	For 4 of 13 sealed procurements reviewed, the District did not maintain signed conflict of interest statements for employees with job responsibilities related to the procurement.
3.	The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. A.R.S. §15-213(N) and A.A.C. R7-2-1003	The District did not maintain documentation that training and guidance was provided to all employees related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more.
4.	The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. A.A.C. R7-2-1053 and R7-2-1086	For 1 sole source vendor reviewed, the District did not maintain documentation of the Governing Board's determination that there was only 1 source and that the determination was reasonable.
5.	For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by A.R.S. §15-323.	The District did not follow School District Procurement rules for a purchase of \$920 from an employee-owned business.
Payroll—The District should document the review, verification, and approval of payroll expenditures to ensure employees are appropriately compensated and payments to employees are supported by governing board approved contracts, pay rates, and terms of employment.		
	Question	Deficiency
1.	The District enrolled employees who met the Arizona State Retirement System (ASRS) membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual.	For 1 of 50 employees reviewed, the District did not withhold and remit contributions in accordance with the ASRS Employer Manual.
2.	Attendance records were prepared for each pay period for each employee subject to the Fair Labor Standards Act and were approved by the employee and the employee's supervisor.	For 3 of 50 employees reviewed, the timesheet was not approved by the employee or supervisor.

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Financial reporting—The District should accurately prepare its financial reports, including its Annual Financial Report (AFR), to provide the public and oversight bodies, including bond investors and district creditors, a transparent view of the District's financial position.		
	Question	Deficiency
1.	Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.	Budgeted expenditures reported on the AFR for the E-rate, Other Federal Projects, and Employee Insurance Program Withholdings Funds did not agree with the District's most recently revised expenditure budget by \$500,000, \$457,591, and \$7,538,175, respectively.
2.	The District completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. A.R.S. §15-904(F)	Actual revenues reported on the AFR for the Bond Building, Debt Service, and Internal Service Funds did not agree with the District's accounting records by \$116,690, \$(54,931), and \$(95,189), respectively. Additionally, actual expenditures reported on the AFR for the Maintenance & Operation, Career and Technical Education Projects, and Fingerprint Funds did not agree with the District's accounting records by \$(16,220), \$15,240, and \$1,800, respectively.
3.	The District followed the AFR—Review, Submission, and Publication Instructions.	An accurate link to the AFR was not published on the District's website by November 15.
4.	The District properly prepared the Food Service page of the AFR and reported expenditures from the Maintenance and Operations (M&O) Fund 001 and Capital Fund 610 that agreed with the District's accounting records.	The food service match from the M&O (\$251,223) and Unrestricted Capital Outlay (\$194,717) Funds per the Food Service page of the AFR did not match District's accounting records by a total of \$195,940.
5.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	The District recorded expenditures totaling \$484,504 for services received before June 30, 2024, but paid after June 30, 2024, in fiscal year 2024-25; an audit adjustment was made to correctly record the expenditures and a payable in fiscal year 2023-24.
6.	The District submitted its prior year's audit reports and USFR Compliance Questionnaire to the CSS and Arizona Department of Education (ADE). A.R.S. §15-914(D)	The District did not submit the prior year Audited Financial Statements to ADE. In addition, the District did not submit the prior year Audited Financial Statements, Single Audit Report, and USFR Compliance Questionnaire to the CSS.

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Student attendance reporting—The District should report accurate student membership and attendance information to ADE to ensure it receives the appropriate amount of State aid and/or local property taxes.		
	Question	Deficiency
1.	If the District had an early (pre-) kindergarten program, the District calculated and submitted membership information for early (pre-) kindergarten students' attendance records for this program only for students with disabilities. A.R.S. §15-901(A)(1)(a)(i) and USFR Memorandum No. 175	For 1 of 3 early (pre-) kindergarten students reviewed, membership was not submitted for a student with disabilities.
2.	The District maintained appropriate documentation and accurately reported students enrolled in its Arizona Online Instruction (AOI) program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI program following a student's withdrawal or after the end of the school year. A.R.S. §15-808	For all 7 AOI students reviewed, the District did not maintain the Intended Full Time Equivalency Enrollment Statements. For all 7 AOI students reviewed, the District did not maintain the redetermination of actual FTE following the withdrawal or after the end of the school year.
3.	The District ensured the student's name in the student management system matched the name on the legal document on file. A.R.S §15-828(D).	For 2 of 15 attendance records reviewed, the District did not maintain a legal document on file with the student's name.
4.	The entry date in the computerized attendance system agreed to the entry form.	For 3 of 15 entries reviewed, the enrollment date was not documented on the entry form, therefore, it could not be determined if the date in the computerized attendance system agreed to the entry form. For 2 of 15 entries reviewed, the date in the computerized attendance system did not agree to the date on the entry form.
5.	The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. A.R.S. §15-827	For 1 of 15 withdrawals reviewed, the date in the computerized attendance system did not agree to the date on the withdrawal form. For 1 of 15 withdrawals reviewed, the District did not retain an Official Notice of Pupil Withdrawal form.
6.	The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. A.R.S.§15-901(A)(1)	For 3 of 11 attendance records reviewed for 10 consecutive unexcused absences, the District did not maintain documentation of the 10 or more consecutive days of unexcused absences; population exhausted.