

## Arizona Auditor General

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We have issued an updated [Uniform System of Financial Records for Arizona School Districts \(USFR\)](#) in conjunction with the Arizona Department of Education. All revised sections were updated to clarify guidance based on questions we have received and to update terminology, as needed. The following is a list of revised sections and a summary of the changes:

- §VI-H—Payroll—Modified to distinguish between personnel and payroll functions and clarified language throughout.
- §VIII—Audit Requirements—Incorporated guidance previously provided in frequently asked questions and updated the single audit threshold to \$1 million starting with FY 2026 audits (previously \$750,000) based on 2 Code of Federal Regulations, Part 200, Subpart F (Uniform Guidance).
- §III—Chart of Accounts—See our list of [updates](#) effective July 1, 2025. Please note we further modified the equipment expenditure object codes from what we communicated to districts on June 19, 2025, based on feedback we received from multiple districts.

We will issue the FY 2025 USFR Compliance Questionnaire in July and will continue to update the guidance language and certain terminology in the remaining USFR sections. We will notify you when updates are completed in the coming months.

If you have any questions, please contact Michael Carnahan or Amanda Winn at [asd@azauditor.gov](mailto:asd@azauditor.gov) or (602) 977-2796.

Sincerely,

Arizona Auditor General

