

Eloy Elementary School District

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

List of deficiencies for the year ended June 30, 2025

| 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. | | |
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| | Question | Deficiency |
| 1. | 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 rates and positions for extra duty work were not presented to the governing board for approval. |
| 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 Arizona Revised Statutes (A.R.S.) §15-905 and followed the form's Budget—Submission and Publication Instructions. | The following items were noted during review of the District's budgets: <ul style="list-style-type: none">• The District did not submit the signed cover page of the proposed budget to the Arizona Department of Education (ADE) within 5 days of electronic budget submission in accordance with ADE Submission & Publication Instructions.• The District did not provide a sufficient link to the proposed budget.• The notice of public hearing for the adopted budget was not posted 10 days prior to the meeting date.• The District did not maintain documentation supporting that the notice of public hearing for the final revision budget was posted in accordance with Submission and Publication deadlines. |

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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. | <p>The following coding errors were noted on the District's general ledger:</p> <ul style="list-style-type: none"> • Financed purchase debt service interest payment was coded to object code 6835—Other principal payments on long-term obligations, other than bonds instead of object 6842—Other interest payments on long-term obligations, other than bonds. • Expenditures for equipment items under \$5,000 were coded to object code 6733—equipment cost \$5,000 or more, instead of object code 6731—equipment cost \$5,000 or less. • Expenditures for repair services were coded to object code 6450—Construction Services, instead of object code 6431—Nontechnology-Related Repairs and Maintenance. |

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 |
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| 1. | 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. | The Food Service clearing bank account was not cleared to the County Treasurer timely for the months of October 2024, April 2025, and May 2025. |
| 2. | The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation. | For 1 of 10 cash receipts reviewed, the deposit was not made timely. The deposit was made 9 business days after cash was collected. |

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 |
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| 1. | The District had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property. | The District did not maintain and review detailed mileage and use logs to ensure the District's vehicles are only used for District business. |
| 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 and for 1 of 5 capital asset items selected from the listing, the asset was not tagged. |

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| 3. | The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion. | For 1 school site, the District has not performed a physical inventory and reconciliation over stewardship and capital assets since December 2020. |
| 4. | The governing board or authorized designee approved stewardship and capital asset disposals during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with Arizona Administrative Code (A.A.C.) R7-2-1131. | For 2 of 5 disposals reviewed, the District did not complete a disposal authorization form including the asset's tag number and indication of approval by the Governing Board or authorized designee. In addition, for 1 item disposed during the fiscal year, the District did not remove the item from the capital asset listing. |

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 and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916. | At fiscal year end, the District had negative cash balances of \$71,553 and \$1,437 in the Food Service and Transportation Intergovernmental Agreement Funds, respectively, both cash-controlled funds. In addition, for 2 of 50 disbursements reviewed, the amount paid exceeded the approved purchase order amount. |
| 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 a purchase in the amount of \$11,175 recorded in July of fiscal year 2026, the District did not maintain documentation of when the services were received. Therefore, it could not be determined if the transaction was recorded in the appropriate fiscal year. |

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. A.A.C. R7-2-1024(B) or R7-2-1042(A) | For 1 request for proposal (RFP) reviewed, the District did not list the relative importance of the bid evaluation factors. |
| 2. | If the District awarded multiple contracts, it established and followed procedures for the use and award of multiple contracts. A.A.C. R7-2-1031(D) and R7-2-1050(C) | For 1 RFP reviewed, the District did not maintain documentation that supported the basis for a multiple award. |

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| 3. | The District evaluated bids/proposals and awarded contracts according to A.A.C. R7-2-1031, R7-2-1032, R7-2-1046(A)(1), or R7-2-1050 and retained documentation to support the award(s). | For 1 RFP reviewed, the District did not maintain documentation of the evaluation performed by the evaluation committee to support the basis of the award. In addition, 1 of the 2 vendors selected was awarded a contract after submitting a late bid, and the other vendor was awarded a contract without submitting any bid. |
| 4. | 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 1 RFP reviewed, the District did not have signed procurement disclosure statements on file for the RFP evaluators. |
| 5. | 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 2 sole source vendors reviewed, the District's Governing Board did not approve the vendors before purchases were made. |

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. | 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 6 of 9 employee files reviewed who received pay for duties in addition to their base contract, the District did not always maintain approved timesheets to support total hours worked. Further, the District became aware of an incident where employees were overstating hours worked on their time sheets by claiming time worked while providing services to another school district and reported the incident to the Arizona Auditor General. |

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. | The District followed the AFR—Review, Submission, and Publication Instructions. | The District did not submit the AFR to the County Superintendent of Schools by October 15th. |

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| 2. | The District's website home page included its average teacher salary information, separately from the budget, required by A.R.S. §15-903(E) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report, required by A.R.S. §41-1279.03(A)(9). | The District did not include on its website home page its average teacher salary information or a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report. |
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Information technology (IT)—The District should adopt an IT security framework that aligns with credible industry standards and through that framework the District should implement controls that provide reasonable assurance that its financial and student data is accurate, reliable, and secure.

| | Question | Deficiency |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The District assessed security risks for its systems and data, implemented appropriate controls to address risks, and provided employees/contractors annual security awareness training. | The District did not provide employees/contractors with a security awareness training at least annually. The most recent training was provided on 11/5/2022. |
| 2. | The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems. | Determined system access to the District's timekeeping software was not removed for 1 terminated employee. |
| 3. | The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards. | The District did not require or enable multifactor authentication for users with remote/administrative access to their student attendance system. |
| 4. | The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually. | The District did not formally test their disaster recovery plan in fiscal year 2025. |

Transportation support—The District should accurately report its transportation miles and eligible student riders to ADE to ensure the District receives the appropriate amount of State aid and/or local property taxes.

| | Question | Deficiency |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. A.R.S. §15-922 | The District did not maintain documentation to support the number of route miles reported on the Transportation Route Report submitted to ADE. |
| 2. | The District submitted the vehicle inventory report by July 15 to the Superintendent of Public Instruction. ADE Transportation Manual | For all 5 ending odometer readings from the vehicle inventory report, the District did not maintain adequate documentation to support the ending mileage reported. |