

Sunnyside Unified 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.		
	Question	Deficiency
1.	The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a COI 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	Two employees did not properly complete the conflict-of-interest form and sufficiently disclose the required information.
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 proposed budget was not submitted electronically to Arizona Department of Education (ADE) before publishing the notice of public hearing. The District did not submit the signed covered pages of the proposed, adopted, and December revised budgets to the ADE.
2.	The District revised its budget on or before December 15, if ADE notified the District that its Maintenance and Operation or Unrestricted Capital Outlay Fund budgeted expenditures exceeded the General Budget Limit or Unrestricted Capital Budget Limit. A.R.S. §15-905(E).	The District did not post the notice of public hearing at least 10 days before the meeting to adopt the December revised budget.
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.	Federal revenues of \$104,519 were coded to object code 1980—Refund of Prior Year's Expenditures rather than as a revenue from federal sources object code.

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2.	The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.	For 1 of 25 journal entries reviewed, the journal entry was not approved by someone other than the preparer.
3.	The District transferred monies only between funds listed in the USFR §III Chart of Accounts—Authorized Transfers.	Unallowable transfers of \$156,421 and \$195,352 were made from Funds 336—ESSER II and 346—ESSER III, respectively, to the General Fund.
4.	The District documented a monthly reconciliation of its revenues, expenditures, transfers, and cash balances by fund monthly and at year-end, after all encumbrance transactions were recorded, to the county school superintendent (CSS) and county treasurer records, as applicable, and properly researched and resolved differences.	The District did not date reconciliations and did not identify and dispose of reconciling items in a timely manner. A difference of \$224,051 was noted on the District's side of the reconciliation. Additionally, the District's year-end reconciliation contained an unreconciled difference of \$20,875. In addition, the District improperly recorded a reconciling item of \$103,812.
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 used miscellaneous receipts clearing bank account(s) in accordance with A.R.S. §15-341(A)(20).	The miscellaneous receipts clearing bank account was not cleared to the County Treasurer monthly. In addition, disbursements from the miscellaneous receipts clearing bank account were not always made to the County Treasurer.
2.	The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.	For 1 of 5 student activities cash receipts reviewed, the District did not retain documentation to support the reconciliation of recorded sales to cash collected.

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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
<p>1. The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.</p>	<p>The District’s auditors noted the following:</p> <ul style="list-style-type: none"> • The District misclassified 1 construction-in-progress asset of \$22,681 as buildings and improvements. • The District incorrectly recorded an asset of \$17,850 twice. • The District did not include the \$48,289 deletion of land for its sale. • The District did not include the addition of \$713,429. • The capitalized acquisitions on the District's reconciliation of capitalized acquisitions to capital expenditures did not agree to the District's capital asset listing.
<p>2. The District’s capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.</p>	<p>The District’s auditors noted the following:</p> <ul style="list-style-type: none"> • For 1 of 5 items selected from the stewardship listing, the item was located at a different location than as stated on the listing. • For 4 of 5 capital assets selected from the capital asset listing and for 1 of 5 items selected from the stewardship listing, the assets/items could not be located. • For 1 of 5 capital assets selected from the capital asset listing, the asset was not tagged.
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
<p>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.</p>	<p>The District did not maintain documentation that training occurred for all card users and employees involved with processing transactions.</p>

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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 properly procured expenditures that individually or cumulatively totaled over \$100,000.	For 1 vendor with whom the District spent over \$100,000, the District obtained quotes rather than performing a sealed procurement.
2.	For all emergency procurements, the District retained a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and this statement was signed by the individual authorized to initiate emergency procurements. Arizona Administrative Code (A.A.C.) R7-2-1055 and R7-2-1056	For 2 of 3 emergency procurements reviewed, the written statement documenting the basis for the emergency was not signed. For 1 of these 2 emergency procurements reviewed, the District's auditors were unable to determine if the emergency condition created an immediate and serious need for services that could not be met through normal procurement methods and seriously threatened the functioning of the school district, the preservation or protection of property or the public health, welfare or safety.
3.	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 of 6 sole source vendors reviewed, the District did not maintain documentation for the reason only a single source was available or why no reasonable alternative exists. In addition, for all 6 sole source vendors reviewed, the District did not maintain documentation that the price was fair and reasonable or include a description of the efforts made to seek other sources.
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's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-4 through 6.	For 1 of 5 employees reviewed, the personnel file did not include background investigation forms.

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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.	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)	Expenditures reported on the school-level reporting AFR for several function and object codes did not agree with the District's AFR.
2.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	The District recorded revenues totaling \$24,326 in fiscal year 2025 that were earned in July and August of fiscal year 2026; an audit adjustment was made to correctly record the revenues and cash in fiscal year 2025.
3.	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's website home page did not include a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report.
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.	The entry date in the computerized attendance system agreed to the entry form.	For all 15 entries reviewed, the enrollment date was not documented on the entry form.
2.	The student membership begins on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school. ADE's External Guideline GE-17 First Day Absence	For all 15 entries reviewed, the District did not maintain student attendance records to determine if membership began with the first day of actual attendance or for continuing and pre-enrolled students, the first day that classroom instruction was offered.

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3.	The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. A.R.S. §15-802(B)(1) and ADE's Updated Residency Guidelines	For 1 of 15 entries reviewed, the District did not maintain adequate verifiable documentation of Arizona residency.
4.	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)	<p>The District's auditors noted the following related to student withdrawals:</p> <ul style="list-style-type: none"> • For 7 of 15 student attendance records reviewed for 10 consecutive unexcused absences, the withdrawal date was not the last day of actual attendance or excused absence. • For 3 of 15 student attendance records reviewed for 10 consecutive unexcused absences, the District did not maintain documentation of the 10 or more consecutive days of unexcused absences. • For 1 of 15 student attendance records reviewed for 10 consecutive unexcused absences, the withdrawal date was not documented on the withdrawal form and the District did not maintain documentation of 10 or more consecutive days of unexcused absences. • For 2 of 15 student attendance records reviewed for 10 consecutive unexcused absences, the District did not maintain student attendance records.
5.	The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. A.R.S. §15-823(G) and (L)	For 1 of 15 entries reviewed, the District did not maintain adequate verifiable documentation of Arizona residency. As a result, it could not be determined if the student should have been excluded from the District's student count and state aid calculations or if the student should have been charged tuition.

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 maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.	The District did not provide a user role listing for its student attendance management system or bookstore point of sale system to determine if user access was sufficiently limited.
2.	The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.	The District did not provide documentation of failed sign on attempts to determine if repeated failed sign on attempt lockouts were utilized.

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3.	The District's IT systems generated electronic audit trail reports or change logs with information about electronic transactions that the District reviewed or analyzed regularly to determine transactions' propriety.	The District did not provide the audit trail report or change logs for the bookstore point of sale system to determine the District reviewed or analyzed information about electronic transactions.
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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	Daily route miles reported on the Transportation Route Report did not agree to supporting documentation resulting in an overstatement by 71 daily route miles.
2.	The District submitted the vehicle inventory report by July 15 to the Superintendent of Public Instruction. ADE Transportation Manual	For 3 of 5 vehicle mileage logs reviewed, the ending miles reported on the TRAN03-1 did not agree to supporting documentation, resulting in an overstatement of 100 miles. Additionally, the District did not maintain documentation of when the vehicle inventory report was submitted to the Superintendent of Public Instruction.