

## 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. This update includes 2 new guidance sections, and new and clarified guidance within existing and reorganized sections. Changes are effective for fiscal year (FY) 2027, which begins July 1, 2026. The following is a list of revised sections and a summary of the significant changes:

Section	Status	Description of changes
Governing Board and Management Procedures	New	This new section provides information on governing board members' roles and responsibilities related to district finances including student activities, travel, open meeting law, conflicts of interest, and Arizona's gift clause.
Conflict of Interest (COI)	New	This new section provides information on Arizona's COI laws that apply to school district governing board members and employees, and policies and procedures districts should follow to ensure that COI training, disclosures, memorialization, and remediation is appropriately documented and retained. The section also includes information on statutory COI penalties and a sample conflict-of-interest disclosure form.
Chart of Accounts	Revised	Removed ESSER Funds and revised CTE programs.
Cash	Reorganized	Incorporated information into Revenues and Bank Accounts sections.
Revenues	Revised	All revenue policies and procedures guidance has been consolidated from the previous Cash, Revenues, Student Activities Fund, Food Service Fund, and Auxiliary Operation Fund sections. The revised section is grouped by how revenues are received (i.e., in-person, online, or through the county), and more sample forms are provided. This section also includes a new provision to allow governing boards to determine an alternative regular deposit schedule for rural school districts.
Bank Accounts	Reorganized	All bank account policies and procedures guidance has been consolidated from the previous Cash, Revenues, Student Activities Fund, Food Service Fund, and Auxiliary Operation Fund sections. The new section is grouped by types of bank accounts. This section also includes new guidance for online banking.

Expenditures	Revised	All expenditure processing guidance is included in this stand-alone section except for bank account disbursement procedures, which are included in the Bank Accounts section. The procurement and credit card guidance previously included in this section have been made into their own individual sections.
Credit cards	Reorganized	Clarifying changes were made to the credit card guidance that was previously included in the Expenditures section, and it is now included as a stand-alone section.
Procurement	Reorganized	The procurement guidance that was previously included in the Expenditures section is now included as a stand-alone section and includes an increased minimum written quotes threshold of \$15,000. The Procurement section has also been expanded to include excerpts from the School District Procurement Rules (Rules) to help districts find and understand commonly used Rules requirements, a new contract administration section, and sample forms for procurement forecasting and sole-source and emergency purchase written determinations.
Auxiliary Operations Fund	Reorganized	All Auxiliary Operations Fund guidance was incorporated into the Revenues, Bank Accounts, and Expenditures sections. Districts that hold Auxiliary Operations Funds with the county treasurer should use the guidance in the Revenues and Expenditures sections. Districts that hold Auxiliary Operations Funds in a bank account should use the Revenues section for revenue collection procedures and the Bank Accounts section for deposit, bank reconciliations, and disbursements procedures.
Student Activities Fund	Revised	This section is now named "Student Activities" and includes only the policies and procedures specific to Student Activities. Other student activities policies and procedures guidance was incorporated into other USFR sections and is referenced within this section's introduction. Districts that hold Student Activities Funds at the county treasurer should use the guidance in the Revenues and Expenditures sections. Districts that hold Student Activities Funds in a bank account should use the Revenues section for revenue collection procedures and the Bank Accounts section for deposit, bank reconciliations, and disbursements procedures. Additionally, information related to governing board responsibilities for student activities is included in the Governing Board and Management Procedures section.

Food Services Fund	Revised	This section is now named “Food Service” and includes only the policies and procedures specific to food services. Other food services policies and procedures guidance were incorporated into other USFR sections and is referenced within this section’s introduction.
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A revised FY 2026 USFR Compliance Questionnaire (Questionnaire) is included for reference in this USFR revision and includes only minor edits to clarify auditor sampling requirements for students whose attendance is tracked using an Instructional Time Model. We will issue the revised FY 2027 Questionnaire that reflects the updated USFR changes described above, at a later date.

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

Sincerely,  
Arizona Auditor General

