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January 31, 2019

Governing Board  
Tombstone Unified School District No. 1  
411 N. 9th St.  
Tombstone, AZ 85638

Dear Members of the Board:

In May 2018 we notified you that the District had not complied with the *Uniform System of Financial Records* (USFR) based on our review of the District's fiscal year 2017 financial audit reports and the USFR Compliance Questionnaire prepared by an independent certified public accounting firm.

We recently completed a status review as of December 12, 2018, to determine if the District had made improvements to substantially comply with the USFR. Based on our review of the District's records and procedures and interviews with District personnel, we determined that the District is marginally compliant with the USFR.

To continue to satisfactorily comply with the USFR in future years, District management must act to correct the existing deficiencies. The areas containing the most serious deficiencies and their associated risks are:

Area	Associated Risk
<b>Cash collections:</b> The District not always prepare reports that reconciled sales with cash collections for student activities and food service meal sales. When reports were prepared, cash overages and shortages were not always adequately investigated and resolved.	Leaves District and student monies susceptible to loss, theft, and misuse.
<b>Accounting records and financial reporting:</b> The District's reconciliation of year-end revenues, expenditures, and cash balances to the County School Superintendent Office's records was not documented in a timely manner and the District did not report accurate and complete financial information on its 2018 Annual Financial Report submitted to the Arizona Department of Education.	Increases the chance of undiscovered errors and affects the reliability of information reported to the public and oversight agencies.

All remaining deficiencies have been discussed with District management.

We express our appreciation to the District for its cooperation and assistance throughout the review. If you have questions concerning this matter, please contact Cris Cable, Accounting Services Manager, at (602) 553-0333 or [ccable@azauditor.gov](mailto:ccable@azauditor.gov).

Sincerely,

Laura J.P. Miller, CPA  
Accounting Services Director

cc: Mr. Robert Devere, Superintendent  
Mr. John Livingston, Business Manager  
Tombstone Unified School District No. 1  
The Honorable Jacqui Clay, Cochise County School Superintendent  
Ms. Shari Zara, Deputy Superintendent Operations  
Ms. Sarah Hendrix, Deputy Associate Superintendent, Grants Management  
Arizona Department of Education