



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

May 7, 2024

Arizona State Board of Education
1700 W. Washington St.
Executive Tower, Ste. 300
Phoenix, AZ 85007

Subject: Antelope Union High School District—No Longer in Noncompliance with Uniform System of Financial Records for Arizona School Districts

Dear Members of the State Board:

As described in our October 17, 2023, letter, Antelope Union High School District (District) has been in noncompliance with the *Uniform System of Financial Records for Arizona School Districts* (USFR) since August 2019, and on August 27, 2021, the State Board directed the Superintendent of Public Instruction to withhold 3 percent of the District's State aid in accordance with Arizona Revised Statutes (A.R.S.) §15-272(B).

We have since received and reviewed the District's financial audit reports and USFR Compliance Questionnaire (questionnaire) for the year ended June 30, 2023, prepared by an independent certified public accounting firm. Based on our review of all available information in these reports, including the number and significance of the District's outstanding deficiencies, the District is no longer in noncompliance with the USFR. Therefore, the Board can take appropriate action pursuant to A.R.S §15-272.

Please be advised, the District's independent auditor continues to express substantial doubt about the District's ability to pay future expenditures in a timely manner and to continue operating because of previous and ongoing budgetary overspending and deficit fund balances reported in funds that are not legally allowed to spend beyond their available cash resources. However, in fiscal year 2023, the District reduced its budget limit overspending by \$260,163, from \$311,877 to \$51,714, and reduced its registered warrant balance needed to cover cash deficits by \$444,090, reporting \$905,226 in registered warrants on its June 30, 2023, financial statements. The District continues to operate under the receiver the State Board appointed on June 26, 2023, and must act to correct the 15 outstanding deficiencies cited in its audit reports and questionnaire in future years.

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If you have questions concerning this matter, please call Meghan Hieger, Accountability Services Division Director, or me at (602) 553-0333.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

cc: Governing Board
Mr. Pat Koury, Superintendent
Mr. Aaron Whittle, Business Manager
Antelope Union High School District
Mr. Keith Kenny, Receiver for Antelope Union High School District
J.S. Held, LLC
The Honorable Thomas Hurt, Yuma County School Superintendent
Mr. Sean Ross, Executive Director
Arizona State Board of Education
Mr. Art Harding, Chief Operations Officer
Ms. Nicole von Prisk, Deputy Associate Superintendent, Grants Management
Arizona Department of Education