



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

September 18, 2024

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

**Subject: McNary Elementary School District—Not in compliance with the USFR**

Dear Members of the State Board:

In accordance with Arizona Revised Statutes (A.R.S.) §15-271, we are notifying you that McNary Elementary School District (District) has not corrected its deficiencies with the *Uniform System of Financial Records for Arizona School Districts* (USFR). Accordingly, we request that the Arizona State Board of Education (State Board) take appropriate action as prescribed in A.R.S. §15-272.

Specifically, in September 2023, we notified the District that it had not complied with the USFR based on our review of the District's financial audit reports and USFR Compliance Questionnaire (Questionnaire) for the year ended June 30, 2022. The District had 90 days to correct its deficiencies, and it submitted a corrective action plan (CAP) in January 2024. We also received the District's financial audit reports and Questionnaire for the year ended June 30, 2023, in March 2024.

Based on assertions in the District's January 2024 CAP, and our review of the fiscal year 2023 audit reports and Questionnaire, and discussions with District management, we performed a status review of the District's internal controls to determine whether the District had made improvements to address its noncompliance with the USFR. Based on our review of the District's procedures and related documents, interviews with personnel, and the fiscal year 2023 audit reports and Questionnaire, we determined that the District has not made adequate progress in correcting its deficiencies and remains in noncompliance with the USFR. As required, we are providing you a list of the District's most significant USFR deficiencies.

We have provided the District an updated CAP template to document corrective actions taken to comply with the USFR. In the next several weeks, we will schedule periodic meetings with District management to discuss specific USFR requirements of each applicable deficiency area and the District's planned corrective actions. When the District can show it has corrected its deficiencies, my Office will perform a status review to determine if the District is no longer in noncompliance with the USFR and we will inform you of the results.

Arizona State Board of Education  
September 18, 2024  
Page 2

If you have questions concerning the District's noncompliance or our process, please call Meghan Hieger, Director, or Megan Smith, Manager, within our Accountability Services Division at (602) 977-2796.

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

cc: Governing Board  
Dr. Gregory Fowler, Superintendent  
Ms. Rocio Humphreys, Business Manager  
McNary Elementary School District  
The Honorable Joy Whiting, Apache 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