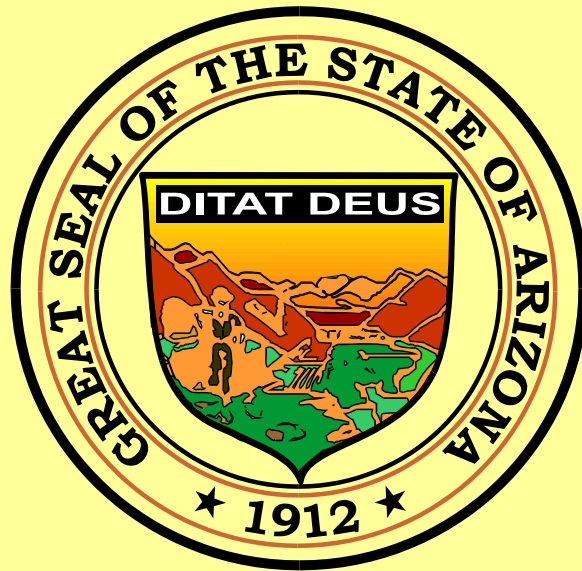# UNIFORM
ACCOUNTING MANUAL
FOR
ARIZONA COUNTY
SCHOOL SUPERINTENDENTS

AUDITOR GENERAL

UNIFORM ACCOUNTING MANUAL
FOR
ARIZONA COUNTY SCHOOL SUPERINTENDENTS
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INTRODUCTION

The County School Superintendent (CSS) is an elected official required by statute to perform a variety of duties for school districts. Arizona Revised Statutes (A.R.S.) Title 15 prescribes the CSS' powers and duties.

This *Uniform Accounting Manual for Arizona County School Superintendents* (UAMACSS) was written pursuant to A.R.S. §41-1279.21(A)(5) to help the CSS establish internal control policies and procedures that fulfill statutory requirements pertaining to district financial accounting and reporting. The CSS must establish and follow policies and procedures to comply with statutory requirements. Other policies and procedures may be established, and sample forms may be used to strengthen internal control over accounting and financial reporting. Specific job titles used in describing procedures are provided as an example of the proper separation of responsibilities. The CSS may use alternative policies and procedures if they provide at least the same level of internal control over accounting, financial reporting, and compliance with State and federal laws.

The requirements of the UAMACSS are based on the **Arizona Constitution** and **Arizona Revised Statutes**, Arizona Attorney General Opinions, and governmental accounting standards.

The CSS' duties and responsibilities pertaining to district accounting and finance include and are not limited to the following:

- Distribute all laws, reports, circulars, instructions, and forms, including Attorney General Opinions, received for district use. A.R.S. §15-302(A)(1)

- Recompute equalization assistance and certify in writing to the board of supervisors and the property tax oversight commission the amount needed for each district from the primary and secondary property taxes. A.R.S. §§15-991 and 15-992

- Maintain or have access to accounting records to determine whether adequate budget capacities exist for levy funds and sufficient cash balances exist for cash-controlled funds for each district prior to processing warrants. A.R.S. §15-304(A)

- Apportion certain revenues to the appropriate district funds. A.R.S. §15-303

- Report on district overexpenditures. A.R.S. §15-107

- Maintain certification records to support payroll. A.R.S. §15-302(A)(9)

- Notify districts of override expiration. A.R.S. §15-302(A)(10)

- Review district applications for Maintenance and Operation and Food Service Funds revolving accounts. A.R.S. §§15-1101 and 15-1154

- Encumber amounts for district liabilities payable at June 30. A.R.S. §15-906(B) and (E)

- Report to the Superintendent of Public Instruction the amount of money received from state school funds, special district taxes, and other sources; total expenditures for district purposes; and the cash balance of each district at the close of the school year. A.R.S. §15-302(A)(6)

For guidance on the budgeting, accounting, and reporting of the county school office's own financial activities, refer to the *Uniform Accounting Manual for Arizona Counties*.

The calendar of events includes information on many of the annual and periodic requirements concerning county school superintendents (CSS) as prescribed by Arizona Revised Statutes (A.R.S.) and the *Uniform System of Financial Records for Arizona School* Districts (USFR). The statutory source of each requirement is provided, along with any applicable reference to UAMACSS or USFR guidance that further describes the CSS responsibilities for each item, if applicable. The CSS may use the calendar of events to help identify required deadlines. However, this list is not all-inclusive.

ANNUAL REQUIREMENTS

Date	Activity	Authority	Manual Section
By July 5	Receive an electronic copy of the **proposed expenditure budget** from each district, unless submission has been waived by CSS.	A.R.S. §15-905(A)	§III-E, Budgets; and **Expenditure Budget Packet**
By July 18	Receive an **Advice of Encumbrance** from each district having levy fund liabilities payable at June 30. Accounting responsibility districts are not required to submit an Advice of Encumbrance to the CSS.	A.R.S. §15-906(B) and (E)	§III-D, Expenditures, and USFR §VI-G (**Advice of Encumbrance**)
By July 25	Recompute the **equalization assistance for education** for each school district pursuant to A.R.S. §15-971, and compute the additional amounts to be levied pursuant to A.R.S. §15-992, and certify the amounts in writing to the Property Tax Oversight Commission (PTOC).	A.R.S. §§15-991(A) and 15-992	§III-E, Budgets
By July 25	File with the governing board of each district and the PTOC, an **estimate of the amount of monies from primary and secondary property tax** required by each district in the ensuing year, based on the proposed budget adopted by each school district governing board. Certify those amounts with the county board of supervisors and PTOC in writing at the time of filing the estimate.	A.R.S. §15-991(B)	§III-E, Budgets

CALENDAR OF EVENTS

Date	Activity	Authority	Manual Section
Beginning of each school year	Present an **estimate of the current year's accommodation school exceptional programs tuition cost** to each district that has signed an agreement to use the services of the accommodation school.	A.R.S. §15-764(D)	§VI, Special Programs
Beginning of each school year	Determine and certify to the Arizona Department of Education (ADE) the **eligibility of children from unorganized territories for transportation aid** and the amount of transportation aid.	A.R.S. §15-1001(B) and (C) and ADE form requirements	§V, County School Funds
By the 3rd Monday in August	File in writing with the county board of supervisors and the PTOC the amount of monies required to be levied for each district, for **primary and secondary property taxes,** along with other specified information.	A.R.S. §15-991(D) and (F)	§III-E, Budgets
By the 3rd Monday in August	Validate any additional amounts to be raised from **primary district tax levy amount** requests from each district and levy the sum as outlined in A.R.S. §15-992(G).	A.R.S. §§15-992(G) and 42-17151	§III-E, Budgets
Up to 60 days after the beginning of the fiscal year	Draw warrants against **encumbered amounts** to pay liabilities of the prior fiscal year.	A.R.S. §15-906(C)	§III-D, Expenditures
61 days after the beginning of the fiscal year	Make **no further payments** from the Maintenance and Operation, Unrestricted Capital Outlay, and Adjacent Ways Funds for claims for expenditures of the prior fiscal year.	A.R.S. §15-906(D)	§III-D, Expenditures

CALENDAR OF EVENTS

Date	Activity	Authority	Manual Section
By September 1	Receive an estimate of the amount of **ESEA, Title VII Impact Aid**, monies each district is eligible to receive during the current year.	A.R.S. §15-991(E)	§III-E, Budgets
By October 1	**Report** to the Superintendent of Public Instruction the amount of monies received from State school funds, special school district taxes, and other sources; the total expenditures for school purposes; and the balance on hand to the credit of each district at the close of the fiscal year.	A.R.S. §15-302(A)(6)	§III-G, **Annual Financial Reports Packet**
By December 1	File a **transcript of the boundaries** of each district with the county board of supervisors and county assessor.	A.R.S. §15-442(A)	
By February 10	Receive from the county assessor the **limited property value** of each district for the current tax year.	A.R.S. §42-17052(B)	§III-E, Budgets
Fiscal year prior to implementation	Receive **accounting responsibility plans** from districts applying to the State Board of Education to assume accounting responsibility for the following fiscal year.	A.R.S. §15-914.01(B)	§III-B, Accounting Records
At least 45 days before July 1	Receive notification from the common and high school districts intending to operate under a **single administrative program**.	A.R.S. §15-328(B)	
By April 1	Provide a report to the county board of supervisors, on their **plans for the provision of accommodation school services** for the next school year and the projected number of students at each accommodation school in the district.	A.R.S. §15-308(C)	§IV, Accommodation Schools

CALENDAR OF EVENTS

Date	Activity	Authority	Manual Section
By May 31	Issue a small district **service program progress report and fiscal report** including actual expenditures through March 31 and estimates for the remainder of the fiscal year on each service program to the participating districts and the county board of supervisors.	A.R.S. §15-365(D)	§VI, Special Programs
By June 1	Receive a statement of the actual amount of **ESEA, Title VII Impact Aid**, monies received during the current year from each district.	A.R.S. §15-991(E)	§III-E, Budgets
By June 1	Provide the county board of supervisors with **estimated revenues** for the accommodation school from the State and other financial information the county board of supervisors may request.	A.R.S. §15-308(C)	§IV, Accommodation Schools
At the end of the school year	Adjust any **exceptional programs tuition overpayment** by a district.	A.R.S. §15-764(D)	§VI, Special Programs
After June 30	Transfer to the **County School Fund** any balance remaining in the **Special County School Reserve Fund** and any balances remaining in the funds of lapsed districts.	A.R.S. §15-1000(4)	§V, County School Funds

PERIODIC REQUIREMENTS

Date	Activity	Authority	Manual Section
Within 2 business days of a district's overexpenditure	Provide **written notice to ADE**, if, in the CSS's judgment, a district has **committed an overexpenditure** of: 1. The school district's general budget limit or the amount the school district budgeted, whichever is less. 2. The school district's unrestricted capital budget limit or the amount the school district budgeted for capital, whichever is less.	A.R.S. §15-107	§III-D, Expenditures
At least 40 days before a district's budget override election	Prepare and transmit an **informational pamphlet and sample ballot** on the proposed budget increase to the district governing board.	A.R.S. §15-481(B)	§III-E, Budgets
3 years before expiration of revenue control limit override	Notify a district before the **expiration of a revenue control limit override** that the school district's budget must be adjusted in the final 2 years of the override if the voters do not approve another override.	A.R.S. §15-302 (A)(10)	§III-E, Budgets
Quarterly beginning on June 1 after the payment of supplemental State aid	Report quarterly to ADE the **amount of any payments of delinquent primary property taxes received** by the district during the previous quarter with respect to a tax year for which the supplemental State aid was paid and not previously deducted from State aid.	A.R.S. §15-980(E)	§III-E, Budgets

CALENDAR OF EVENTS

Date	Activity	Authority	Manual Section
On July 1, October 1, January 1, and April 1	Receive **quarterly tuition payments** from districts using accommodation school exceptional programs	A.R.S. §15-764(D)	§VI, Special Programs
By the 15th of each month	Receive notification of the **month-end cash balance** of each district account from the county treasurer.	A.R.S. §15-996(4)	§III-F, Reconciliations

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ACCOUNTING PROCEDURES

In order to fulfill statutory duties, the County School Superintendent (CSS) must have access to its county's school district information regarding revenues, budgeted and actual expenditures, budget limits, and cash balances. These records are normally maintained in conjunction with the accounting records districts keep as required by Arizona Revised Statutes (A.R.S.) §41-151.14 and the *Uniform System of Financial Records for Arizona School Districts* (USFR). Most information the CSS requires can be effectively accessed through shared computerized access to each district's accounting records and the CSS should reconcile the cash balances in those records to the county treasurer's balances.

An effective accounting system can help safeguard assets from fraud, theft, or misuse. District and CSS accounting system policies and procedures should be formally documented and provide for separation of responsibilities, adequate internal checks and balances, and sufficient records to support financial transactions.

Responsibilities should be assigned to specific departments, if applicable, and separated within departments so that 1 individual does not have complete authority over an entire financial transaction or process. The CSS staff should separate responsibilities for the reconciliation, review, and processing of accounting system information, journal entries, and source documents, as applicable, to ensure that information is processed accurately and timely. The CSS should also periodically rotate responsibilities among employees when practical and require employees who process financial transactions to take vacation time. During their absence, another employee should perform their responsibilities. If adequate separation of responsibilities is not possible because of limited staff size, the CSS should implement review procedures at appropriate points in the process to compensate for employees performing incompatible functions.

The policies, procedures, and recordkeeping methods described throughout the Accounting Procedures section provide an effective accounting system and control environment. Specific controls should be tailored to the CSS' needs, and alternative procedures may be used if they provide at least the same level of internal control.

The CSS is not required to perform accounting and administrative services for districts that are approved by the State Board of Education to participate in the School District Accounting Responsibility Program, which provides a school district authority to operate with full independence from a CSS with respect to revenues and expenditures, including allocating revenues, monitoring vouchers, authorizing and issuing warrants, and maintaining and verifying staff records for certification and payroll purposes. A.R.S. §15-914.01

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ACCOUNTING FRAMEWORK

Accounting records and procedures (i.e., methods) comprise the accounting system through which a school district identifies, assembles, analyzes, classifies, records, and summarizes its financial transactions and reports the district's financial position and results of operations. To perform required duties, the CSS must have access to districts' accounting record information. The CSS may maintain district financial transactions in the CSS' accounting system by district or may have electronic access to individual districts' accounting records. The CSS should limit access to and authorization to initiate transactions in accounting records to authorized individuals to help ensure the integrity of the accounting records and protect district information from unauthorized use.

The CSS' accounting system should provide reliable financial information to districts in conformity with generally accepted accounting principles on a timely basis. The accounting system should ensure that all transactions are recorded in the appropriate accounts, for the correct amounts, and in the appropriate fiscal year. Additionally, the accounting system should facilitate the CSS' monitoring of districts' legal compliance with spending within budgetary limits in budget-controlled funds and spending within available resources in cash-controlled funds. This section provides a basic explanation of the accounting system required to properly account for district resources. See the *Uniform Accounting Manual for Arizona Counties* for information on maintaining the CSS's own accounting records.

Double-Entry Accounting System

The CSS should use double-entry accounting to properly record and report districts' financial data.

In double-entry accounting, each transaction affects at least 2 accounts. Therefore, to maintain balanced accounts, the total amount of debits must equal the total amount of credits in any transaction.

A debit or credit will have a different effect on various accounts. A debit does not always indicate an increase in an account, and a credit does not always indicate a decrease. The following chart shows the effect of a debit or credit in the accounts.

Account Type	Debit Effect	Credit Effect
Asset and Deferred Outflow	Increase	Decrease
Liability and Deferred Inflow	Decrease	Increase
Fund Balance	Decrease	Increase
Revenue	Decrease	Increase
Expenditure	Increase	Decrease

Chart of Accounts

The CSS' district accounting records, used to fulfill their statutory duties, must be maintained in accordance with the *Uniform System of Financial Records for Arizona School Districts* (USFR) Chart of Accounts. The use of a uniform chart of accounts by the CSS and districts ensures uniform accounting and reporting of district transactions and facilitates the reconciliation of districts' accounts to the CSS, and the county treasurer. Further, such uniform practices are necessary to provide better information for administrators, parents, board members, legislators, and other interested parties to consolidate and compare district financial information among districts and counties.

The required account code format, prescribed by the USFR Chart of Accounts, should be used to code transactions in the accounting records. Each required element of the account code must contain the specified number of digits and must be in the specified location in the account code structure. Balance sheet and revenues and other financing sources accounts consist of fund and object code elements only. Other elements are generally zero filled. Expenditures and other financing uses accounts consist of fund, program, function, object, and unit code elements. Throughout the chart, optional numbers are italicized and not bolded. CSSs are required to record district transactions to the most detailed bold level for all areas.

SOURCE DOCUMENTS

Source documents are used to initiate accounting transactions and must be retained to support each entry recorded in the accounting records. These documents may be in several forms, including hard copy, scanned documents, or an electronic file. Examples of revenue source documents districts may provide include sequentially numbered cash receipt forms, online payment reports, validated treasurer's receipts, cash register tapes, and validated bank deposit receipts. Examples of expenditure (expense) source documents include vouchers, voucher supplements, and in some cases requisitions, purchase orders, receiving reports, and vendor invoices.

When retaining a scanned document, it is critical that all the detail and supporting documentation is made part of the electronic file, including all signatures and approvals, line items, details, and attachments.

JOURNALS

A journal is a manual or electronic file where current transactions are originally entered. Journals provide a chronologically detailed record of daily financial transactions and support balances in the general ledger accounts. Journal entries should be recorded for each district in separate journals by date, and transactions should be classified in accordance with the USFR Chart of Accounts.

Journal Entry

Most journal entries in district accounting records are automatically generated when revenue and expenditure information is entered into the accounting system from source documents described above. Adjusting journal entries are used to adjust account balances such as noncash transactions and error corrections. The CSS should maintain adequate separation of responsibilities for initiating, approving, and recording journal entries.

Each journal entry should be sequentially numbered and dated and identify the account codes to be debited and credited in accordance with the **USFR §III, Chart of Accounts**. Each journal entry should also contain adequate explanations, attachments, or references to source documentation to support the entry. A journal entry form usually serves as the source document for adjusting journal entries. The preparer and CSS official authorized to approve the entry should document review of each entry's support and the approval to post the entry by manual or electronic signature or initials and date. After approval, the entry should be posted to the accounting records and documentation retained to support the entry.

General Journal

Standard monthly journal entries, adjusting entries, and year-end closing and reversing entries are recorded in the general journal and are then posted to the general ledger accounts. The following sample entry in the general journal is to correct an error in the accounting records of ABC School District No. 8.

General Journal				Page 2
Date 20XX	Account Number	Account Description	Amount	
			Debit	Credit
4/30	001-100-2600-6431-500	Nontechnology-Related Repairs and Maintenance	$7,000	
	001-100-4000-6450-500	Construction Services		$7,000
To adjust the accounting records of ABC School District No. 8 for a nontechnology-related repairs and maintenance expenditure incorrectly recorded as construction services.				

Registers

Registers are similar to journals and are used to record the consecutive entry of a certain class of events, documents, or transactions, with proper notation of all the required detail. The CSS should use an electronic method to track district warrants. The warrants register is discussed in detail in §III-D, Expenditures.

LEDGERS

General Ledger

The general ledger summarizes the financial transactions of all accounts and is used to prepare trial balances and financial reports. The ledger should be organized by district, fund, program, function, and object code according to the USFR Chart of Accounts and this manual. The general ledger should contain the following accounts.

1. Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources, and Fund Balance/Fund Net Position—These accounts should be established to record assets, liabilities, and the difference between them. The balances in these accounts fluctuate during the year with increases and decreases in individual assets and liabilities, but the accounts are not closed at the end of each fiscal year. The fund balance/net position accounts are used to account for the difference between assets and liabilities.

2. Revenues, Other Financing Sources, Expenditures (Expenses), and Other Financing Uses—These accounts are opened at the beginning of each fiscal year and are used to record the activity of a given fund for the year. These accounts are closed to fund balance/fund net position accounts at the end of each fiscal year.

Trial Balance

A trial balance is a list of the account balances in the general ledger and is prepared to ensure that the general ledger is in balance (i.e., debits equal credits). The CSS can use a trial balance to prepare certain monthly reports required by A.R.S. and this manual.

Reconciliations

Reconciliations should be performed to ensure the CSS' district records are reconciled to the county treasurer's records monthly and that the records each district maintains agree with the CSSs'. See §III-F, Reconciliations, for more detailed procedures.

ACCOUNTING RESPONSIBILITY PROGRAM DISTRICTS

The CSS is not required to maintain records or perform accounting and administrative services for districts participating in the Accounting Responsibility Program, which provides a school district authority to operate with full independence from a CSS with respect to revenues and expenditures, including allocating revenues, monitoring vouchers, authorizing and issuing warrants, and maintaining and verifying staff records for certification, and payroll purposes. A.R.S. §15-914.01

CHECKLIST

This checklist was developed to assist the CSS in establishing and maintaining adequate controls over expenditures, and may be used to evaluate UAMACSS requirements. Questions are phrased in such a way that "Yes" answers indicate satisfactory conditions, while "No" answers indicate possible weaknesses that should be corrected.

	YES	NO
1. Are responsibilities separated so that one individual does not have access to prepare and approve journal entries?		
2. Are accounting records retained in an organized manner that provides quick access to accounting information?		
3. Are source documents manually or electronically signed and dated by the preparer and reviewer?		
4. Is access to accounting records restricted to authorized individuals?		
5. Are district accounting records maintained in the CSS's system in accordance with the USFR Chart of Accounts?		
6. Are journal entries supported by documentation, approved by authorized persons, and effectively controlled?		
7. Are accounting records retained in accordance with the applicable general retention schedule for Counties or School Districts as prescribed by the Arizona State Library, Archives and Records Management Division?		

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INTRODUCTION

The CSS accounts for school district revenues deposited with the county treasurer. Revenues deposited with the county treasurer include all district revenues, unless held in a statutorily authorized district bank account, such as bank accounts for:

- Student activities. (Arizona Revised Statutes [A.R.S.] §15-1122)

- Auxiliary operations. (A.R.S. §15-1126)

- Grants and gifts to teachers. (A.R.S. §15-1224)

- Employee insurance programs withholdings. (A.R.S. §15-1223)

The CSS is not responsible for accounting for revenues of districts participating in the Accounting Responsibility Program pursuant to A.R.S. §15-914.01.

District revenues may be derived from local, county, State, and federal sources, and may be received directly by a district, or on behalf of a district by the CSS or county treasurer. See the *Uniform System of Financial Records for Arizona School Districts* (USFR) **Chart of Accounts** for descriptions and classifications of district revenues.

POLICIES

The CSS should have the following policies to comply with statutory requirements and to ensure an effective internal control structure over district revenues:

1. Cash should be immediately safeguarded in a locked cash drawer or cash register. Cash not being deposited the same day as received should be secured in a safe or locked cabinet while awaiting deposit. Access to cash should be limited to only those employees who require access.

2. Monies should be deposited with the county treasurer intact daily, if significant, or at least weekly.

3. Receiving, depositing, and recording revenue responsibilities should be separated among employees. If this is not possible due to limited staff size, review procedures should be in place to help ensure revenues are accurately recorded.

4. Revenues should be properly recorded on a timely basis using the account codes prescribed in the USFR, §III, Chart of Accounts.

5. Sequentially numbered Deposit Transmittals, Treasurer's Receipts, and other appropriate supporting documentation should accompany any monies sent to the county treasurer on a district's behalf indicating the date, district to be credited, fund and object code, description of the deposit, and amount.

6. Revenues received for districts in the county should be apportioned, as required by law, to each district, and notification of the apportionment amounts should be provided to the county treasurer and to the district. A.R.S. §15-303.

7. Accounting entries that affect district revenue records, such as revenue postings initiated by the CSS and any reconciling or correcting entries, should be promptly communicated to districts.

PROCEDURES

Processing Revenues

The CSS may receive revenues from or on behalf of districts. Revenues should be accompanied by supporting documents such as Deposit Transmittals, Treasurer's Receipts, or other evidence of the monies source and amounts. The following suggested procedures can be documented electronically and provide for the minimum separation of responsibilities for processing district revenues:

Performed by	Procedure
Admin Clerk	1. Receives Deposit Transmittals, cash (i.e., currency, checks, warrants, drafts, money orders) and any related supporting documentation; counts and inspects the cash receipts and support for correct amounts, payees, and endorsements, as applicable; and restrictively endorses checks, warrants, drafts, and money orders not already endorsed by the district.
	2. Enters date of receipt and initials on supporting documentation to indicate receipt.
	3. Submits the cash receipts and reconciled supporting documentation to the accounting specialist.
Accounting Specialist	4. Reviews supporting documentation for mathematical accuracy and completeness and reconciles it to accompanying cash receipts. If the revenue received does not agree with the supporting documentation, researches and resolves any differences. Documents review of the supporting documentation and initials and dates.
	If one has not already been prepared by the district, prepares a prenumbered Deposit Transmittal, Treasurer's Receipt, and other appropriate supporting documentation for remittance to county treasurer. The prepared form should indicate the date, school district to be credited, fund and object code, description of the deposit, check/warrant number(s), and amount(s). (Note: The county treasurer may issue blocks of paper Treasurer's Receipts to the CSS to be prepared and submitted with deposits.

Performed by	Procedure
	When this procedure is followed, the CSS should establish and implement controls over the unissued Treasurer's Receipts to help ensure that all Treasurers' Receipts are accounted for and issued sequentially.
	5. Submits Deposit Transmittal or Treasurer's Receipt, revenue received, and supporting documentation to the CSS/Deputy for review.
CSS/Deputy	6. Verifies fund and object code, mathematical accuracy and completeness of Deposit Transmittal or Treasurer's Receipt, based on review of revenue received and supporting documentation.
	7. Documents the review on the Deposit Transmittal or Treasurer's Receipt and initials/signs and dates.
	8. Returns the Deposit Transmittal or Treasurer's Receipt, cash receipts, and supporting documentation to the accounting specialist.
Accounting Specialist	9. Remits revenue and the Deposit Transmittal or Treasurer's Receipt to the county treasurer.
	10. Submits Deposit Transmittal copy or Treasurer's Receipt copy and supporting documentation to the admin clerk.
Admin Clerk	11. Records the Deposit Transmittal or Treasurer's Receipt number, date prepared, amount, and district name in the deposit transmittal control log and initials the log.
	12. Records or verifies the revenue in the accounting records by district, fund, object code, and Deposit Transmittal or Treasurer's Receipt number, in accordance with the USFR, §III, Chart of Accounts, and this manual.
	13. Retains Deposit Transmittal or Treasurer's Receipt with the supporting documentation until the validation of the deposit is returned from the county treasurer.

Validated Treasurer's Receipts

The CSS is notified of revenues deposited by or on behalf of districts when an electronic or hard copy validated Treasurer's Receipt is received from the county treasurer. The county treasurer may also issue validated Treasurer's Receipts to the districts or transmit them to the CSS for distribution to districts. A.R.S. §11-494. The following procedures are recommended when a validated Treasurer's Receipt and other appropriate supporting documentation is received.

Performed by	Procedure
Admin Clerk	1. Receives the validated Treasurer's Receipt from the county treasurer. If the deposit was made by the CSS on the district's behalf, enters the date received and the validated Treasurer's Receipt number on the corresponding line in the deposit transmittal control log and initials the log.
	2. Reviews the validated Treasurer's Receipt as follows:
	• For deposits made by the CSS, verifies that the amount, fund, and object code recorded on the validated Treasurer's Receipt agrees to the Deposit Transmittal copy or Treasurer's Receipt, and the amount, fund and object code posted to the accounting records.
	• For deposits made by entities other than the CSS, obtains supporting documentation (e.g., Deposit Transmittal and other appropriate supporting documentation), and compares the supporting documentation to the validated Treasurer's Receipt
	3. Resolves differences when the amount, fund, or object code recorded on the validated Treasurer's Receipt does not agree with the amount recorded on the supporting documentation by contacting the county treasurer or the funding source, (e.g., ADE, federal agency, etc.) if applicable.
Accounting Specialist	4. Documents review of the validated Treasurer's Receipt and initials and dates. Performs the following as applicable.
	• If not provided directly to the district by the county treasurer, provides the validated Treasurer's Receipt to the district.
	• If the validated Treasurer's Receipt pertains to more than 1 district, provides supporting documentation (e.g., computer printout, or other supporting documentation) to each district along with the validated Treasurer's Receipt.
	• For revenues deposited with the county treasurer directly by the district or other entities, enters the revenues in the accounting records by district, fund, object code, and validated Treasurer's Receipt number in accordance with the USFR Chart of Accounts and this manual.
	5. Retains the Deposit Transmittal or Treasurer's Receipt and supporting documentation with the validated Treasurer's Receipt by district. (Note: If the validated Treasurer's Receipt pertains to more than 1 district, validated Treasurer's Receipt should be retained for each district.)

Performed by	Procedure

6. Reviews outstanding Deposit Transmittals, Treasurer's Receipts at least monthly to determine their status. Investigates any Deposit Transmittals, Treasurer's Receipts outstanding for an unusual length of time, (e.g., more than 7 days).

REVENUE RECOGNITION

The CSS should oversee accurate revenue accounting throughout the fiscal year and at fiscal year-end to help districts ensure that revenues are correctly stated in the financial statements and the annual financial report. Revenues in governmental funds should be accounted for on the modified accrual basis of accounting, which requires that revenues be recognized in the fiscal year in which they become measurable and available to pay liabilities of the current fiscal year. Under this basis of accounting, revenues for the year ended June 30 that were not received by June 30, but are expected to be received within 60 days after fiscal year-end, should be accrued. To help ensure revenues are recorded in the correct fiscal year, districts should notify the CSS of the appropriate fiscal year in which to record revenues received during the 60-day period after fiscal year-end. Examples of revenues that may need to be accrued include State equalization assistance rollover payments (if applicable), property taxes, federal reimbursements, tuition, and interest earned on investments. See **Arizona Department of Education** guidance for more information on the carryover of monies for State and federal grants.

REVENUE APPORTIONMENT

Most monies districts receive are designated for 1 specific fund and do not have to be apportioned among district funds. When monies received pertain to more than 1 district fund, such as with State equalization assistance, property taxes, and additional State aid, the CSS is responsible for apportioning these monies among the district's funds and must notify the district and the county treasurer of the amounts apportioned. A.R.S. §15-303. The following provides guidance on apportioning revenues among district funds.

State Equalization Assistance

Equalization assistance is apportioned between the districts' Maintenance and Operation (M&O) and Unrestricted Capital Outlay (UCO) Funds as described in the USFR, §VI-F—Revenues.

The CSS should prepare an apportionment schedule identifying the amount of the total payment each district receives that is to be apportioned between each district's M&O and UCO Funds.

Property Taxes and Additional State Aid

Apportionment of primary property taxes to district funds should be based on ratios of the property tax levy in the budget year for the M&O, UCO, and Adjacent Ways Funds to the total primary

property tax levy for each district as described in the USFR, §VI-F—Revenues. Secondary property taxes received should be apportioned to the applicable fund based on the purpose of the secondary levy, such as amounts levied for debt service, or voter-approved overrides. Apportionment of additional State aid should be based on ratios of the primary property tax levy in the budget year for the M&O and UCO Funds to the total primary property tax levy for each district. The ratios should be calculated after the tax rate is set by the county board of supervisors. Tax levy amounts should be obtained from the CSS' Estimate of Monies Required by School Districts report prepared in accordance with A.R.S. §15-991. (See §III-E, Budgets, for more information on this report.)

Interest Earned on Pooled Investments

Interest earned on pooled investments is apportioned and distributed by the county treasurer either monthly or at least quarterly to each district account based on average daily, weekly, or monthly cash balances in accordance with the *Uniform Accounting Manual for Arizona County Treasurers* (UAMACT).

If the county treasurer maintains separate accounts for each district fund, no further interest apportionment is required. However, if the county treasurer maintains the minimum number of accounts as prescribed by A.R.S. §15-996 for each district, the CSS must further apportion interest earned from the pooled investments after each interest distribution. The CSS should apportion interest earned to district funds, in each county treasurer's account, based on their proportionate balances during the interest apportionment period (i.e., the month[s] the interest is earned) and not on the proportionate balances at the time the interest apportionment is received.

When interest is apportioned monthly by the county treasurer, the CSS may total each fund's beginning and ending cash balances and divide by 2 to determine the average monthly balance for the fund. Alternatively, the average monthly balance may be calculated by totaling each fund's daily or weekly balances, dividing by the total number of days or weeks in the month, and apportioning interest in proportion to the resulting average balances.

When interest is apportioned quarterly by the county treasurer, the CSS may total either month-end or beginning and ending monthly cash balances of each fund for the 3 months of the quarter and allocate interest in proportion to these totals.

Theoretically, the CSS should credit interest earned on pooled investments to all funds with positive balances and charge interest expense to funds with negative balances proportionately. As an alternative to avoid charging interest costs to a district fund for borrowing from another fund within the same district, the CSS may choose to apportion interest income to only those funds with positive balances and not charge interest to funds with negative balances.

Any reasonable method may be used to apportion interest earned on pooled investments, and the method used should be documented and applied consistently.

The following simplified example illustrates the quarterly apportionment of interest earned on investments based on the average monthly cash balance.

School District XYZ No. 99						Interest to be Apportioned $200	
Month-End Balance					Average (Total /3 mos)	Rate (Average / $1,200)	Apportionment (Rate X $200)
Fund	**1st**	**2nd**	**3rd**	**Total**			
130	$200	$700	$300	$1,200	$400	.33	$ 66
220	100	900	800	1,800	600	.50	100
240	50	200	600	600	200	.17	34
					$1,200	1.00	$200

Change in Value of Pooled Investments

The county treasurer is also responsible for apportioning the change in fair value on pooled investments to each applicable agency account in accordance with Governmental Accounting Standards. If the county treasurer maintains the minimum number of accounts for each district, the CSS should further apportion the change in fair value on pooled investments after it has been distributed by the county treasurer.

Certificates of Educational Convenience

Revenues from certificates of educational convenience in accordance with A.R.S. §15-825 should be apportioned to the M&O, UCO, and Debt Service Funds based on the related request forms the districts submit to the Arizona Department of Education.

Tuition

Tuition revenues should be apportioned to the M&O, UCO, and Debt Service Funds based on the actual charges to the district of residence calculated in accordance with A.R.S. §15-824.

YEAR-END PROCEDURES

The CSS must maintain district accounting records by fiscal year, which begins July 1 and ends June 30.

District revenues for the fiscal year ended June 30 that were not received by June 30, but are expected to be received within 60 days after fiscal year-end, should be recorded in the prior fiscal year's records. Districts must notify the CSS of the correct fiscal year in which to record the revenues processed during the 60-day period after fiscal year-end.

CHECKLIST

This checklist was developed to assist the CSS in establishing and maintaining adequate controls over revenues and may be used to evaluate compliance with UAMACSS requirements. Questions are phrased so that "Yes" answers indicate satisfactory conditions and "No" answers indicate possible weaknesses that should be reviewed and corrected.

		YES	NO
1.	Are the duties of receiving, depositing, and recording revenues separated among employees?		
2.	Are monies received immediately safeguarded in a locked cash drawer or cash register?		
3.	Are monies deposited with the county treasurer intact daily, if significant, or at least weekly?		
4.	Are all monies deposited with the county treasurer accompanied by a sequentially numbered Deposit Transmittal form, or a Treasurer's Receipt?		
5.	Are validated Treasurer's Receipts received and maintained for all district revenues deposited with the county treasurer?		
6.	Are validated Treasurer's Receipts for all deposits reconciled to the CSS' district accounting records and submitted Deposit Transmittals or Treasurer's Receipts?		
7.	If validated Treasurer's Receipt is not sent directly to the district by the county treasurer, is the validated Treasurer's Receipt sent by the CSS to the district?		
8.	Are revenues, including State equalization assistance, property taxes, earnings from pooled investments, and tuition, properly apportioned among district funds		
9.	Are revenues promptly recorded using the account codes prescribed in the USFR?		
10.	Are districts informed, of all accounting entries affecting their revenue records, such as apportionments, and reconciling or correcting entries?		
11.	Does the CSS receive certified cash balance amounts on or before July 18, from each district that expects to receive revenues after June 30 for the prior fiscal year?		

No.   (prenumbered)

Date:_____

_____County School Superintendent's Office

Deposit Transmittal

School District	Fund	Object Code	Revenue Description	Check / Warrant #	Amount
					$

Total Deposited $_____

Preparer signature _____ Date _____

Reviewer signature _____ Date _____

Deposit Transmittal Control Log

Deposit Transmittal or TR #	Date Prepared	Total Deposit Amount	School District	Initials	Validated TR		
					Date Received	TR#	Initials

CONTENTS

INTRODUCTION

Statute requires the CSS to perform a variety of tasks related to school district expenditures. The CSS receives district expenditure vouchers and issues warrants if adequate budget capacities exist for budget-controlled funds and adequate cash balances exist for cash-controlled funds. At fiscal year-end, districts must submit to the CSS an **Advice of Encumbrance** to identify amounts to be encumbered to pay for goods and services received but not paid for by June 30. This allows the CSS to accurately record expenditures processed during the encumbrance period in the correct fiscal year.

Districts participating in the Accounting Responsibility Program operate independently of the CSS and assume responsibility for various accounting and administrative functions that the CSS otherwise performs. These include preparing warrants, verifying teaching certificates, and reconciling revenues and expenditures to the county treasurer's records. A.R.S. §15-914.01

POLICIES

The CSS should implement the following policies to comply with statutory requirements and maintain effective internal control over district expenditures:

1. The duties of expenditure processing (recordkeeping, warrant custody, and warrant authorization) should be separated among employees.

2. The CSS must draw warrants on the county treasurer for all necessary expenses against districts' funds. The warrants must be drawn in the order vouchers are filed with the CSS. In lieu of drawing warrants, the CSS may issue an electronic transfer pursuant to A.R.S. §11-493 for authorized expenditures. A.R.S. §15-304

3. In accordance with A.R.S. §15-304, the CSS must not draw warrants from the Maintenance and Operation (M&O), Unrestricted Capital Outlay (UCO), Adjacent Ways, Classroom Site (CSF) Funds (A.R.S. §§15-978 and 15-996), or federal and State grant funds in excess of the adopted budgets, except for:

   • When the Arizona Department of Education (ADE) notifies the CSS in writing that it has determined budget capacity exists based on information provided by the district. A.R.S. §15-107

   • Expenditures the county board of supervisors authorized as provided in A.R.S. §15-907.

   • Expenditures in excess of the amount budgeted for a subsection of the M&O Fund, if authorized by the governing board at a public meeting and the total M&O Fund budget is not exceeded. A.R.S. §15-905(G)

4. The CSS must not draw warrants on district cash-controlled funds unless sufficient cash is available in the funds. However, if the county treasurer maintains the minimum number of accounts for the district as prescribed in A.R.S. §15-996, and the expenditures have been

included in the budget section of the approved federal or State grant application, then the CSS may draw warrants against the State and federal grants regardless of whether sufficient cash is available in the funds. Cash-controlled funds are all funds other than the budget-controlled funds listed above. A.R.S. §15-304

5. The CSS may draw warrants for district expenditures only on vouchers signed by the governing board. District governing board members may sign vouchers between board meetings provided the board passed a resolution to that effect prior to signing the voucher and the voucher is ratified at the next governing board meeting. A.R.S. §15-321(G)

6. The CSS must, within 2 business days, provide written notice to ADE if, in the CSS's judgment, a district has committed an overexpenditure as defined in A.R.S. §15-107. A.R.S. §15-304

7. Warrants should be sequentially numbered.

8. Blank warrants should be physically safeguarded and access restricted to a designated custodian who does not have the ability to print the warrants.

9. If a warrant has been lost or destroyed prior to payment, the CSS may issue a duplicate warrant (i.e., replacement warrant) in accordance with A.R.S. §11-632. However, before issuing the duplicate, the board of supervisors or CSS shall issue a written stop payment notice for the original warrant to the county treasurer.

10. The CSS should charge expenditures to the proper school district fund, program, function, object, and unit codes in accordance with the USFR, §III, Chart of Accounts.

11. If the county treasurer maintains a district's M&O, UCO, Adjacent Ways, and CSF Funds in one account in accordance with A.R.S. §15-996, the CSS should charge interest expense from registered warrants or revolving lines of credit to the district fund or funds that had the negative balances at the time the warrant was registered or the credit line was accessed, regardless of the fund on which the warrant was drawn. A.R.S §§11-635 and 35-323

12. The CSS must maintain a list of individuals who wish to receive solicitations to bid on district construction projects under the simplified school construction procurement program. The list must be made available for public inspection. A.R.S. §15-213(A)

13. The CSS must receive an **Advice of Encumbrance** on or before July 18, prepared in accordance with the USFR from each district. The CSS must encumber amounts as necessary and available to pay the levy fund liabilities of the district, and may draw warrants against the encumbered amounts for a period of 60 days after the close of the fiscal year. A.R.S. §15-906

In addition to the above policies, the CSS should implement the following payroll policies:

1. The CSS should obtain records of certification for certified employees from either the district or the certified employee when the employee is hired or a certificate is renewed. A.R.S. §15-502(B)

2. The CSS must maintain a record of effective dates and expiration dates of teachers' and administrators' certificates. A.R.S. §15-302(A)(9)

3. The CSS must not draw a warrant for payment of a teacher's, substitute teacher's, or administrator's salary unless the employee is legally certified during the fiscal year in which the employee's salary is paid. A.R.S. §15-302(A)(9) However, in accordance with A.R.S. §15-502(B), a conditional certificate shall serve as a valid certificate for the payment of wages to a teacher who has completed all requirements for certification but has not yet received a certificate. A valid certificate must be received and recorded within 3 months of employment.

PROCEDURES

The following procedures are recommended to assist the CSS in fulfilling the responsibilities prescribed by statute; specific procedures may be modified depending on size, organization, and degree of automation, but the same level of internal control must be maintained. For example, while the procedures below describe the process recommended for payments made by warrant, the CSS may make payments through electronic fund transfers (EFT), as allowed by statute. When EFTs are used, the CSSs should ensuring they are controlled by logging EFT initiation and approval and by reconciling EFT reports to approved vouchers.

Voucher Processing

Performed by	Procedure
Account Clerk	1. Receives hard copy or electronic expenditure voucher. Matches voucher to a voucher cover sheet the governing board and district administrator or business manager signed.
	2. Compares voucher totals by fund to the district's accounting records as follows:
	• For budget-controlled funds, M&O, UCO, Adjacent Ways, and CSF funds and federal and State grant funds, if applicable; compares voucher totals to unexpended budget balances to determine if sufficient budget capacity is available.

Performed by	Procedure
	• For cash-controlled funds, cash-controlled funds are all funds other than the budget-controlled funds listed above, compares voucher totals to cash balances to determine if sufficient cash is available.
	3. Notifies the district of problems noted during the voucher review, if any, and requests a revised voucher approved by the governing board.
	Note: Warrants should not be issued for amounts in excess of unexpended budget balances in budget-controlled funds and should not be issued for amounts in excess of cash balances in cash-controlled funds.
	4. Documents review of the voucher.
	5. Notifies the warrant clerk that the voucher is ready for warrant processing.
Warrant Custodian	6. Receives the supply of sequentially numbered warrant stock from the printing company and examines the warrant stock to ensure that the complete order has been received.
	7. Records the beginning and ending warrant number, initials, and date received in the **Warrant Control Log** (see page III-D-14). Warrants should be stored in a secure location.
Warrant Clerk	8. Upon notification from the account clerk that the voucher file is ready to process, determines the number of warrants needed, and requests the warrants from the warrant custodian.
Warrant Custodian	9. Records the beginning and ending warrant numbers issued in the Warrant Control Log and distributes the warrants to the warrant clerk for warrant preparation. Warrants should be issued to the warrant clerk in numerical sequence.
Warrant Clerk	10. Initials and dates the Warrant Control Log upon receipt of the warrants.
	11. Processes the warrant file creating the warrant register and all approved warrants. The warrant register should include the warrant number, date, and amount, and payee, and identify the district and voucher number.
	12. Returns any unused or spoiled warrants to the warrant custodian for retention. If a warrant is spoiled due to a printing or other error, marks the spoiled warrant "VOID," noting the void on the warrant register by warrant number, and obtains and signs for a replacement warrant from the warrant custodian to replace the returned warrant.

Performed by	Procedure
	13. Submits the completed warrants and the warrant register to the account clerk.
Account Clerk	14. Reviews the warrants by comparing the warrant number and payee to the warrant register to ensure that the warrants are correct. This may be done on a test basis.
	15. Resolves differences noted during review by sending any incorrect warrants back to the warrant clerk for reprocessing. Steps 7 and 8 are repeated for any incorrect warrants noted in the account clerk review.
	16. Retains the voucher (including the cover sheet and any reports generated during processing) by district and date.
	17. Before warrants are disbursed, a voucher cover sheet that includes the signatures of the governing board must be obtained. If the signature was affixed by a signature stamp, examine the letter from the governing board member authorizing the use of such stamp.
	18. Distributes the warrants and warrant register to the district and obtains receipt for the distribution as follows: • For warrants delivered to a district courier, obtains the signature of the courier on a copy of the warrant register. • If the warrants are delivered to the district by an alternate secure method (registered mail/or other secure means), attaches the signed receipt to a copy of the warrant register.
Account Clerk	19. Retains the copy of the warrant register by district with the related voucher.
Warrant Custodian	20. Records the beginning and ending numbers in the **Warrant Control Log** of the warrants returned in step 7 and enters initials and the date for receipt of the returned warrants.
	21. Retains the voided warrants in numerical sequence.

Warrant Stop Payments

Performed by	Procedure
Account Clerk	1. Receives a request from the district for stop payment on a warrant.
	2. Examines the outstanding warrants list to determine whether the warrant is outstanding or has been paid. If necessary, requests the status of the warrant from the county treasurer.
	3. If the warrant has been paid, notifies the district and forwards a copy of the paid warrant, if requested.
	4. If the warrant is outstanding, process the stop payment by sending a stop payment notice to the county treasurer to cancel the warrant. The notice should include the number, amount and date of the warrant, the payee, and the fund on which drawn.
	5. Allows sufficient time for the county treasurer to process the stop payment notice and verifies that the county treasurer has canceled the warrant. Deletes the warrant from the outstanding warrants list.
	6. If a new warrant will not be issued to replace the original warrant, prepares and posts one of the following journal entries to the accounting records.
	• If the warrant is stopped within the fiscal year in which the warrant was issued, reverses the entry made to record the expenditure.
	• If the warrant is stopped after the fiscal year issued, credits miscellaneous revenue for the amount of the warrant in the fund indicated by the district.

Duplicate Warrants

The CSS may not issue a duplicate warrant to replace a lost or stolen warrant until a written stop payment notice has been sent to the county treasurer. A.R.S. §11-632 The following recommended procedures should be implemented for duplicate warrants (i.e., replacement warrants):

Performed by	Procedure
Account Clerk	1. Receives a request for duplicate warrant including the payee, account code, and amount from district. Initiates the warrant stop payment process (See **Warrant Stop Payments** procedures, page III-D-6).

Performed by	Procedure
	2. Documents confirmation of the successful stop payment, prepares request for a duplicate warrant, and completes procedures for issuing duplicate warrants, as prescribed by the county board of supervisors.
	3. Notifies warrant clerk of the request and the successful stop payment on the original warrant.
Warrant Clerk	4. Prepares warrant in same manner as other warrants. See **Voucher Processing** beginning on page III-D-3.
	5. Submits the completed warrant and warrant register to the account clerk.
Account Clerk	6. Reviews and distributes the warrant and warrant register in the same manner as other warrants. See **Voucher Processing**, page III-D-3.
	7. Retains the request for duplicate warrant (i.e., replacement warrant), documentation of successful stop payment, and a copy of the new warrant register by district.

Processing Payroll

If the CSS prepares the payroll for districts, see the USFR, §VI-H, Payroll, for a discussion of the recommended procedures.

Payroll Vouchers—A district must submit payroll vouchers approved by the district governing board to the CSS before payroll warrants may be drawn.

The payroll voucher should be accompanied by sufficient supporting documentation. The detail and volume of the supporting documentation may vary based on whether the CSS is processing payroll on behalf of the district or simply issuing payroll warrants based on districts' processed payroll.

Payroll vouchers should be processed in the same manner as expenditure vouchers (See Voucher Processing discussion in this section). However, the CSS should follow the additional steps noted below when processing payroll vouchers.

Performed by	Procedure
Account Clerk	1. Receives the payroll voucher and supporting documentation from the district.
	2. Compares the payroll register or prepayroll register fund totals to the voucher cover sheet fund totals.

Performed by	Procedure
	3. If not automatically tracked in the payroll accounting system, obtains the **Record of Certification of Teachers and Administrators** (See page III-D-15). Compares to payroll register or prepayroll register to determine that valid certificates are recorded for all certified teachers and administrators. Initials and dates the voucher to indicate this verification. Note: If a valid certificate is not on file for an employee on the payroll register or prepayroll register, the CSS should notify the district and withhold the employee's pay until a valid certificate is received and recorded. A conditional certificate shall serve as a valid certificate for the payment of wages to a teacher who has completed all requirements for certification but has not yet received a certificate. A valid certificate must be received and recorded within 3 months of employment. A.R.S. §§15-302 and 15-502 4. Reviews payroll register and submits the voucher to the warrant clerk for warrant preparation (See **Voucher Processing** beginning on page III-D-3).

SCHOOL DISTRICT REVOLVING ACCOUNTS

The CSS may allow districts to establish M&O Fund or Food Service Fund revolving accounts, as described below. The CSS may replenish the revolving accounts upon receipt of properly approved vouchers and supporting documentation from the districts. The CSS should follow the procedures recommended for **Voucher Processing** discussed earlier in this section.

M&O Fund Revolving Account

The CSS, upon receipt of a voucher and application from the governing board, may issue a warrant drawn against the district M&O Fund to establish an M&O Fund revolving account. The application must include the purposes for which the account is required, the amount needed, the name of the custodian, and evidence the custodian is properly bonded. Information provided in the voucher and application should agree. The maximum allowable amount is 50 cents for each student, with a limit of $10,000 for elementary or high school districts and $20,000 for unified school districts, except as follows:

1. If an elementary or high school district has fewer than 10,000 students, the CSS may allow up to $5,000 in the revolving account.

2. If a unified school district has fewer than 20,000 students, the CSS may allow up to $10,000 in the revolving account.

As stated in A.R.S. §15-1101, districts may use the revolving account only for activities that require immediate cash outlays such as postage, freight, express, fuel taxes, parcel post, travel, or other minor disbursements. Districts may not pay salaries and wages from this account. The district should request reimbursement periodically and at fiscal year-end to ensure all expenditures are recorded in the correct fiscal year.

Food Service Fund Revolving Account

With the consent of the CSS, a district governing board may establish a Food Service Fund revolving account. The governing board must appoint 2 properly bonded employees to administer the account. The CSS should issue a warrant drawn against the district's Food Service Fund to establish the Food Service Fund revolving account. The amount of the revolving fund may not exceed $500. A.R.S. §15-1154

As stated in A.R.S. §15-1154, districts may use the revolving account only for payment of freight on commodities, the purchase of food required in emergencies, employment of temporary personnel for employment that does not exceed 8 hours per person, or other minor disbursements. The district should request reimbursement periodically and at fiscal year-end to ensure all expenditures are recorded in the correct fiscal year.

REVOLVING LINES OF CREDIT

A district may use a revolving line of credit for the payment of warrants if the county board of supervisors has entered into an agreement with a financial institution to obtain a line of credit for the district. The revolving line of credit is controlled by the county treasurer and may be used to pay warrants drawn on the M&O, UCO, Adjacent Ways, and CSF Funds if sufficient cash is not available to pay these warrants. A.R.S. §§11-604.01 and 15-996

At the time the revolving line of credit is accessed, the county treasurer will notify the district of its account balances and the amount of the revolving line of credit used. When sufficient monies become available, the county treasurer will repay the revolving line of credit on behalf of the district. The district will be notified of its account balances at the time the revolving line of credit is repaid, the amount of the repayment, and any interest paid on the revolving line of credit.

YEAR-END PROCEDURES

Accounting for expenditures at year-end is extremely important to ensure that expenditure budgets and budget limits are not exceeded and that expenditures are properly reported in the financial statements and annual financial report (AFR) of each district.

List of Liabilities and Advice of Encumbrance

At fiscal year-end, for all levy funds (M&O, UCO, and Adjacent Ways Funds), districts must prepare a list of liabilities for goods or services received on or before June 30 and not paid by that date. Such liabilities should include all accounts payable, contracts payable, and accrued wages and salaries, as of June 30. Districts not participating in the Accounting Responsibility Program under A.R.S. §15-914.01 must use the list, summarized by fund (and program for the M&O Fund), to complete the Advice of Encumbrance (Advice) form. The Advice indicates the amount by fund (and program for the M&O Fund), to be encumbered to pay for levy fund liabilities of the prior fiscal year. The amount to be encumbered from each fund should be less than or equal to the fund's unexpended budget balance. Warrants may be drawn to pay such liabilities during the 60-day encumbrance period after the fiscal year-end. The CSS must receive this Advice from all applicable districts by July 18. A.R.S. §15-906

An **Advice of Encumbrance Control Log** (see page III-D-16) or similar tracking device should be used to monitor the receipt of an Advice from each required district and to document the return of forms to districts for revision when necessary. Districts that have not submitted an Advice by July 18 should be notified immediately.

Based on the Advice, the CSS should monitor each district's remaining encumbered balance by fund. Encumbrance vouchers and revisions to the Advice should be recorded either as additions or subtractions by fund and compared to the current encumbered balance of each fund.

The following are recommended procedures for the CSS' review of the Advice of Encumbrance:

Performed by	Procedure
Clerk	1. Receives the Advice from each applicable district and notes receipt in the Control Log or other tracking device to ensure all Advices are received.
	2. Forwards the Advices to the account clerk for review.
Account Clerk	3. Reviews the Advices as follows:

- Reviews estimated expenditure amounts of each fund for reasonableness.

- Compares the encumbrance amounts listed on the Advice by fund to the remaining unexpended budget balances according to the CSS' accounting records and the district's budget limit according to ADE's most recent Budget 25 Report for the fiscal year ended June 30 to determine that the encumbrance amount will not cause the fund's budget or budget limit to be exceeded. Initials and dates the log.

Performed by	Procedure

4. If an amount recorded on the Advice is greater than the applicable remaining budget balance or will cause the district to exceed its related budget limit, returns the Advice to the district, noting the reason and date returned.

5. If the Advice does not need to be returned to the district, records the encumbered amounts from the Advice by fund for the district.

6. Records the estimated ending cash balance of each fund as the estimated beginning cash balance in the accounting records of the new fiscal year.

7. Retains the Advice by district.

Revisions to the Advice of Encumbrance

The district should submit a revised Advice when amounts recorded on the original Advice exceed the unexpended budget balance or would have caused an overexpenditure of the district's budget limit. Districts must also submit a revised Advice when actual invoices exceed amounts encumbered and the amount initially encumbered is not sufficient for all encumbrance vouchers to be processed.

The revised Advice should indicate the total that should be encumbered for each fund. The CSS should follow the procedures for the review of the Advice beginning on page III-D-10 when processing the revised Advice.

Encumbrance Vouchers

During the 60-day encumbrance period, the CSS must maintain separate accounting records of each district levy fund for prior and current fiscal years. Goods and services received by districts on or before June 30 and not paid for by that date must be paid within the 60-day encumbrance period from monies of the prior year. Districts must submit such expenditures on encumbrance vouchers, and the CSS must record them in the accounting records of the prior fiscal year. After the 60-day period expires, the remaining encumbered balances lapse, and no further payments may be made from levy funds on any claims of the prior fiscal year.

End of the 60-Day Encumbrance Period

After the end of the 60-day encumbrance period, the CSS may no longer draw warrants for any claim for expenditures of the previous fiscal year from the levy funds. The accounting records for such fiscal year must be closed, and the actual ending cash balance of each fund becomes the beginning cash balance for the subsequent fiscal year.

CHECKLIST

This checklist was developed to assist the CSS in establishing and maintaining adequate controls over expenditures, and may be used to evaluate UAMACSS requirements. Questions are phrased in such a way that "Yes" answers indicate satisfactory conditions, while "No" answers indicate possible weaknesses that should be corrected.

	YES	NO
1. Are the duties of preparing warrants, distributing warrants, and maintaining accounting records separated among employees?		
2. Are voucher cover sheets signed by the governing board and a district administrator or business manager?		
3. Is there verification of sufficient budget capacity for budget-controlled funds and sufficient cash balances for cash-controlled funds before warrants are issued?		
4. Is the supply of unused warrants adequately safeguarded, and is access restricted to the warrant custodian?		
5. Are the warrants compared to the warrant register, and payroll register if applicable, before issuance to districts?		
6. Is interest on registered warrants or revolving lines of credit properly charged to district funds?		
7. Are the amounts of the revolving accounts restricted to the amounts authorized in statute?		
8. Does the CSS receive an Advice of Encumbrance on or before July 18 from all districts not participating in the Accounting Responsibility Program with liabilities payable at fiscal year-end? If not, are the applicable districts notified?		
9. Is each Advice of Encumbrance reviewed to determine that the amount to be encumbered in each levy fund is less than the unexpended budget balance and the district's budget limit, as applicable, for that fund?		

	YES	NO

10. Are districts required to submit a revised Advice of Encumbrance when the original amounts exceed the unexpended budget balance, would cause the district to exceed its related budget limit, or when the amount initially encumbered is not sufficient to allow all encumbrance vouchers to be processed and additional unexpended budget capacity exists in the fund?

11. During the 60-day period following fiscal year-end, are separate current- and prior-year accounting records maintained for all levy funds?

12. Are the accounting records for each district closed after the 60-day encumbrance period?

Warrant Control Log

Warrants from printing company				Warrants issued for processing				Warrants returned from processing (unused, spoiled, and voided)			
Beginning Number	Ending Number	Received By	Date	Beginning Number	Ending Number	Received By	Date	Beginning number	Ending number	Received by	Date

Record of Certification of Teachers and Administrators

_____ School District No. ____

Employee name   _____

Position   _____

Type of certificate   _____

Certificate number   _____

Endorsements   _____

Effective date   _____

Expiration date   _____

Recorded by   _____   Date   _____

*Verified by   _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

                       _____   Date   _____

* A verification should be made of all certified employees at the beginning of each year.

Advice of Encumbrance Control Log

For Fiscal Year Ended June 30, _____

District name	Received		Reviewed		Returned to District		Resubmitted & Reviewed		Comment
	By	Date	By	Date	By	Date	By	Date	

CONTENTS

INTRODUCTION

Budgets are an integral part of a school district's financial operations. In accordance with Arizona Revised Statutes (A.R.S.), each district must prepare, and the governing board must adopt, an annual expenditure budget that includes all district funds. The budgeting process provides an opportunity to examine the makeup and feasibility of a district's resources and activities and results in a document that reflects a district's objectives and priorities. The budget is used to monitor and control operations for the fiscal year.

The budget estimates the district's expenditures and revenues required to finance them in the budget year. The budget should be prepared in accordance with the applicable fiscal year's expenditure budget package, prescribed by the Arizona Department of Education (ADE) in conjunction with the Arizona Auditor General, following the detailed preparation instructions for completing the forms, hearing notices, and desegregation budget forms, if applicable, and for proposing, adopting, submitting, and revising the budget.

The CSS should ensure that the proposed budgets are received from each district by the statutory deadline.

Summaries of pertinent budget process dates are presented in §II, **Calendar of Events**.

PROCEDURES

Proposed Expenditure Budget Submission

All districts must electronically submit their proposed expenditure budget to the CSS, unless submission has been waived by the CSS. The CSS should retain a record of the receipt of the proposed budget from each district and review that record to ensure budgets are received when due. The record should indicate the district name, date of receipt, and date of review. The CSS should notify districts that have not submitted their proposed budgets by July 5. A.R.S. §15-905.

The following procedures are recommended for CSS review of districts' proposed expenditure budgets unless submission has been waived. If issues are identified in the budget, the CSS should notify districts of the issues and recommend suggested changes.

Performed by	Procedure
Admin Clerk	1. Receives the proposed expenditure budget electronically from the district by July 5, including desegregation budget forms, if applicable. • Records the district name on the record of budget submissions. • Submits the budget to the account clerk for review.
Account Clerk	2. Reviews the proposed budget package as follows:

Performed by	Procedure

- Verifies that the district used expenditure budget forms ADE and the Arizona Auditor General issued for the correct fiscal year.

- Verifies that estimated revenues and property tax rates are reported on the cover sheet.

- Examines all budget form tabs to ensure applicable sections were completed. Verifies that a desegregation budget was completed, if required.

- Compares the funds included in the CSS' accounting records of the district to the budget to determine whether all established district funds have been included in the budget.

- Verifies that the total of budgeted expenditures for each of the Maintenance and Operation and Unrestricted Capital Outlay Funds is not greater than the general budget limit and unrestricted capital budget limit, respectively.

3. Contacts the district to resolve any differences or problems discovered during the review.

4. Retains an electronic copy of the proposed budget for the CSS' records.

Override Elections

If a district's proposed expenditure budget will exceed the aggregate budget limit for the budget year, the district's governing board must hold an override election to obtain voter approval to increase the aggregate budget limit. The CSS must prepare and transmit an informational pamphlet and a sample ballot on the district's proposed budget increase to the district governing board at least 40 days prior to the budget override election. A.R.S. §15-481(A) and (B).

Budget Revision Provision for Districts Operating Under a Small School Adjustment

A district that meets the requirements of A.R.S. §15-949(A) may revise its expenditure budget to include the costs for additional pupils who were not budgeted for in the original expenditure budget, upon approval of the county board of supervisors. If a district wants to increase its budget for additional students, it must submit a petition to the CSS along with a copy of the proposed budget. The CSS must forward the petition and recommended action to be taken on the petition to the county board of supervisors. The county board of supervisors must hold a hearing on the petition within 20 days after receipt of the petition to determine the action to be taken. In the case of an

accommodation school, the CSS must submit only a revised budget to the county board of supervisors for approval. Any such budget revisions must be made by May 15.

Other Reporting Requirements

Equalization Assistance

In accordance with A.R.S. §15-991(A), the CSS must recompute equalization assistance for each district and compute the additional amounts to be levied pursuant to A.R.S. §15-992(B) using the property values provided by the county assessor. The CSS must certify the amount of equalization assistance and the amount to be levied for each district from the primary property tax pursuant to A.R.S. §15-992 in writing to the Property Tax Oversight Commission (PTOC) on or before July 25. The current limited property value must be received from the county assessor on or before February 10 of the tax year and should be used to determine the assessed valuation for the recalculation of the equalization assistance. A.R.S. §42-17052(B).

Estimate of Monies Required by Districts

In accordance with A.R.S. §15-991(B), the CSS must prepare written estimates of the amount of monies each school district requires for the ensuing school year, based on the proposed budgets the school district governing boards adopted. These estimates must be provided to each school district's governing board and the PTOC on or before July 25 and should include the following information:

- A statement of student count for each district.

- The additional amounts needed for each district from primary and secondary property taxes. These amounts must be certified to the board of supervisors and the PTOC in writing at the time of filing the estimate.

- The calculation of the amount to be levied as prescribed by A.R.S. §15-992 using the values the county assessor provided under A.R.S. §42-17052.

Amount to be Levied for Primary and Secondary Property Tax

In accordance with A.R.S. §15-991(D), the CSS must file in writing with the board of supervisors and the PTOC the amount that is required to be levied for each district from both the primary property tax prescribed by A.R.S. §15-992 and the secondary property tax on or before the third Monday in August of each year.

CHECKLIST

This checklist was developed to help the CSS to establish and maintain effective controls over the budget review process and may be used to evaluate compliance with UAMACSS requirements. Questions are phrased in such a way that "Yes" answers indicate satisfactory conditions, while "No" answers indicate possible weaknesses that should be corrected.

	YES	NO
1. Are records maintained and reviewed to determine whether all appropriate district proposed budgets have been electronically submitted to the CSS, unless the CSS has waived submission?		
2. Are proposed budgets verified to ensure that the district used the correct fiscal year expenditure budget package issued by ADE and the Arizona Auditor General and all required information is included?		
3. Are informational pamphlets prepared and sample ballots transmitted to any districts with proposed budget increases at least 40 days prior to a budget override election?		
4. Is equalization assistance recomputed for each district based on the current limited property value, as provided by the county assessor, and are the amount of equalization assistance and the amount to be levied for each district from the primary property tax pursuant to A.R.S. §15-992 certified in writing to the PTOC on or before July 25?		
5. Are the estimates of monies each district requires prepared and provided to the respective recipients in accordance with A.R.S. §15-991(B) on or before July 25?		
6. Are the amounts required to be levied for each district from both the primary and secondary property tax filed in writing with the board of supervisors and the PTOC on or before the third Monday in August?		

CONTENTS

INTRODUCTION

The CSS has certain statutory responsibilities regarding school district financial accounting and reporting. These responsibilities include issuing warrants, apportioning district revenues and maintaining cash balances of each district fund. To properly execute these responsibilities, the CSS should maintain or share access to accurate accounting records of each district by fund and reconcile the cash balances in those records to the county treasurer's balances.

The county treasurer receives and disburses district monies except monies districts may deposit in statutorily authorized bank accounts, such as student activities monies pursuant to A.R.S. §15-1122, and auxiliary operations monies pursuant to A.R.S. §15-1126; grants and gifts to teachers pursuant to A.R.S. §15-1224; and monies districts contribute and withhold for employee insurance programs pursuant to A.R.S. §15-1223.

The county treasurer may maintain separate accounts for each district fund or maintain the minimum number accounts prescribed by A.R.S. §15-996 for a district's funds. If the minimum number of accounts are maintained by the county treasurer, 1 account must consist of the Maintenance & Operation, Unrestricted Capital Outlay, Adjacent Ways, and Classroom Site Funds. A.R.S. §15-996(1).

The county treasurer is required, by A.R.S. §15-996(4), to notify the CSS by the 15th day of each month of the previous month's ending balance of each district account. The county treasurer is also required by the ***[Uniform Accounting Manual for Arizona County Treasurers, §IV-D, Warrant Processing](link)***, to provide the CSS monthly with a list of warrants paid from district funds.

To ensure that the CSS' and county treasurer's records agree, the CSS should perform a monthly reconciliation of its records of district fund cash balances to the county treasurer's monthly report of district ending account balances. The monthly reconciliation is also necessary for the CSS to determine whether sufficient cash is available in district accounts before issuing warrants from them, as required by A.R.S. §15-304 and described in the Accounting Procedures, Expenditures section, of this manual. During the 60-day encumbrance period following June 30, the CSS maintains separate district records for the prior fiscal year and the new fiscal year. The reconciliations of month-end cash balances performed during this period include revenues' and expenditures' impacts from both fiscal years.

Districts must perform a monthly reconciliation to the CSS' records, unless they share accounting system access, to make sure their records agree with the CSS and the county treasurer's. However, districts participating in the Accounting Responsibility Program operate independently of the CSS and, therefore, must perform a monthly reconciliation of their records directly to the county treasurer's records. A.R.S. §15-914.01.

POLICIES

The following policies are recommended to help ensure that the CSS' records are reconciled to the county treasurer's records monthly, by district, and that the records maintained by each district agree with those of the CSS:

1. The CSS must receive the county treasurer's report of the previous month's ending balance for each district account by the 15th day of each calendar month. A.R.S. §15-996(4).

2. The CSS should establish and document procedures for reconciling its records of district cash balances to those of the county treasurer.

3. The CSS should reconcile its records of district cash balances to the county treasurer's records promptly.

4. A CSS employee who is not responsible for maintaining district records should perform the reconciliation. If this is not possible, a separate employee knowledgeable of the reconciliation process should review the reconciliation.

5. After completing the monthly reconciliation to the county treasurer's records, the CSS should send each district a copy, clearly indicating reconciling items, related resolutions, and any items the district needs to investigate further.

6. If the CSS does not have shared accounting system access with districts, it should send a monthly report of revenues, expenditures, and ending cash balances to those district that includes the beginning and ending cash balance for the month, transfers in and transfers out, and revenues and expenditures the CSS has processed during the month by fund, program, function, object, and unit code so the districts may reconcile their records to the CSS monthly.

PROCEDURES

Monthly Reconciliations

The monthly reconciliation process involves examining cash balances as impacted by revenues and expenditures for each district fund according to the CSS and agreeing those cash balances to the county treasurer's account records. The CSS should investigate and document any differences between its records and those of the county treasurer. To document the reconciliation process, the CSS should prepare a reconciliation form for each district account maintained by the county treasurer, documenting all differences or reconciling items noted between the CSS' records and the county treasurer's records, and a reconciled balance after all items have been investigated and resolved. See page III-F-8 for a completed example reconciliation form. The CSS should send copies of the completed monthly reconciliations to districts to enable them to understand any reconciling items and reconcile their records to the CSS' records, as needed.

Differences in revenue and receipt amounts may occur due to the following:

- Timing differences attributable to revenues and other cash receipts the county treasurer recorded in 1 month that either were not recorded by the CSS or were recorded by the CSS in another month. Examples of such timing differences include interest earned on investments, tax apportionments, and monies borrowed from a revolving line of credit recorded by the county treasurer but not the CSS.

- Misclassifications resulting from revenues that were recorded in an incorrect fund or district.

Differences in expenditure and disbursement amounts may occur due to the following:

- Interest the county treasurer paid on registered warrants that was recorded by the county treasurer but not the CSS.

- Debt service payments made by the county treasurer and not recorded by the CSS.

- Principal and interest payments made by the county treasurer in repayment of a revolving line of credit that were not recorded by the CSS.

- Misclassifications resulting from expenditures that were recorded in an incorrect fund or district.

Other differences between the CSS' records and the county treasurer's records may occur due to the following:

- Transfers or journal entries that were omitted or not recorded correctly by the county treasurer or the CSS.

- Reconciling items from the previous month that were not recorded and corrected.

- Clerical or mathematical errors.

The procedures discussed below are designed for use with the sample reconciliation form presented on page III-F-11 and assume the receipt of a treasurer's report that includes separate beginning and ending account balances; total receipts; transfers-in and transfers-out; and total disbursements for each district fund. The process for reconciliations performed during the encumbrance period is discussed on page III-F-9. The CSS should either adopt these procedures or devise alternative procedures appropriate to the particular accounting system used by the county treasurer and the CSS. For example, if the county treasurer maintains the minimum number of accounts for each district, the CSS should group district funds included in each treasurer's account for reconciliation purposes. The CSS' procedures should ensure that district financial data obtained or generated to assist in the reconciliation provides adequate detail of district transactions and the proper cut off at month-end and year-end.

A CSS employee who is not responsible for maintaining district records should perform the reconciliation. If this is not possible, the reconciliation should be reviewed by a separate employee knowledgeable of the reconciliation process. The following recommended or similar procedures should be implemented when performing a monthly reconciliation:

Performed by	Procedure
Account clerk (Steps 1 through 10)	1. Receives the treasurer's report and paid, stopped, and outstanding warrants list from the county treasurer. 2. Compares the district fund ending cash balance according to the CSS' records to the ending account balance as reported on the treasurer's report, as follows: • Obtains a reconciliation form for each district account (see sample reconciliation form on page III-F-11). Documents the district, district funds included in the treasurer's account, and time frame of the reconciliation and the applicable CSS and treasurer's cash balances for comparison. (Note: Sample form Part A, Lines 2 and 3, apply only during the encumbrance period.) • Compares the CSS balance calculated on Part A, Line 4, to the county treasurer's balance on Part B, Line 3. ▪ If these balances agree, signs and dates the reconciliation form. ▪ If these balances do not agree, notes the district name, account, and unreconciled amount on a list of unreconciled accounts. 3. Contacts the county treasurer and requests a copy of the treasurer's subsidiary ledger (or other similar detailed documentation of receipts and disbursements) for each unreconciled account. 4. Agrees the total revenues, expenditures, transfers-in, and transfers-out according to the CSS' records to the total cash receipts, cash disbursements, transfers-in, and transfers-out per the county treasurer's report to identify any differences in these amounts. Proceeds as follows: • If total revenue amounts do not agree, performs step 5 below. • If total expenditure amounts do not agree, performs step 6 below. • If total transfers do not agree, performs step 7 below. (Note: Total expenditures for the current month according to the CSS' records should equal total disbursements according to the treasurer's report, plus outstanding warrants drawn in the current month, less warrants paid in the current month that were outstanding from prior months.)

Performed by	Procedure

5. Obtains the validated treasurer's receipts for the reconciliation month. Investigates any unreconciled differences by examining each treasurer's receipt recorded in the treasurer's subsidiary ledger and the CSS' records by district, fund, date, and amount. See page III-F-2 for examples of differences in revenue amounts that may occur between the CSS and the county treasurer.

6. Investigates any unreconciled differences in expenditure amounts by examining each disbursement recorded in the treasurer's subsidiary ledger and comparing it to the CSS' records. See pages III-F-2 and 3 for reasons that differences in expenditure amounts may occur between the CSS and the county treasurer.

7. Obtains the transfer forms for the reconciliation month. Examines each transfer form and agrees each transfer to the transfers recorded in the treasurer's ledger and the CSS' records by district, fund, date, and amount.

8. Investigates any remaining unreconciled differences between the CSS' records and the county treasurer's records by performing the following:

   • Reviews the journal entry forms for the reconciliation month and agrees each journal entry to the treasurer's ledger and the CSS' records by district, fund, date, and amount.

   • Examines the previous month's reconciliation form to ensure that all reconciling items from the previous month were recorded and corrected.

   • Considers whether the difference(s) may be caused by clerical or mathematical errors in the CSS' records or the county treasurer's records.

9. Determines whether each difference discovered affects the county treasurer's balance or the CSS' balance (e.g., interest on investments recorded by the county treasurer and not by the CSS should be added to the CSS' balance; stopped warrants recorded by the CSS but paid by the county treasurer should be deducted from the CSS' adjusted balance; receipts posted to the wrong district's account by the county treasurer should be deducted from the treasurer's balance for the incorrect district and added to the treasurer's balance for the correct district) and performs the following:

Performed by	Procedure

- Lists each difference affecting the CSS balance, including description and amount, on Part A of the reconciliation form (Line 5, Reconciling Items).

- Lists each difference affecting the county treasurer's balance, including description and amount, on Part B of the reconciliation form (Line 4, Reconciling Items).

- Determines whether the CSS' and county treasurer's balances agree after adjusting for the differences listed.

- Signs and dates the reconciliation form.

10. Forwards the county treasurer's report; the CSS' report of revenues, expenditures, and ending cash balances; and all reconciliation forms to the chief deputy for review.

Chief deputy

(Steps 11 through 16)

11. Reviews all reconciliation forms to the extent necessary to determine whether the monthly reconciliations were performed correctly and that there are no remaining unreconciled differences.

12. Prepares and processes the journal entries necessary to correct errors discovered in the CSS' records (see sample journal entry form on page III-F-12).

13. Records the journal entry number and date in the disposition column on Part A of the reconciliation form.

14. Notifies the county treasurer of any adjustments to be made for errors in the county treasurer's records by sending a journal entry form. Retains a copy of the form.

15. Records the journal entry number and date in the disposition column on Part B of the reconciliation form.

16. Signs and dates the reconciliation forms. Returns them with the county treasurer's report and report of revenues, expenditures, and ending cash balances to the account clerk. Files the journal entry forms by number.

Performed by	Procedure
Account Clerk	17. Makes a copy of each reconciliation form and files the reconciliation forms, county treasurer's report, and report of revenues, expenditures, and ending cash balances by district, fund, and month. Files all other supporting documents used in the reconciliations.
	18. Provides copies of the CSS' prepared reconciliation forms and related journal entries to the district for review.

Unreconciled differences between the CSS' records and the county treasurer's records should be researched and resolved promptly. The CSS should initiate meetings with the county treasurer and the appropriate district officials to resolve items that cannot be reconciled otherwise.

Unreconciled differences not resolved timely in previous years may be eliminated by journal entry in the current year, if deemed appropriate. The CSS should document support for and obtain approval from each district for amounts to be adjusted to agree with the county treasurer's cash balances.

EXAMPLE COUNTY, ARIZONA
RECONCILIATION OF COUNTY SCHOOL SUPERINTENDENT'S
CASH BALANCE TO COUNTY TREASURER'S ACCOUNT BALANCE

XYZ　　**School District No.** _123_　　　**Fund(s)**　　_520_　　　　　　　　　　**For the month ending** April 30, 20XX

DESCRIPTION	AMOUNT	DISPOSITION	DESCRIPTION	AMOUNT	DISPOSITION
PART A			**PART B**		
1. **County School Superintendent's balance**[1]	$15,350		1. **County treasurer's account balance**	$19,000	
2. **Add revenues of the current fiscal year (encumbrance period only)**			2. **Subtract outstanding warrants**	(3,520)	
3. **Subtract expenditures of the current fiscal year (encumbrance period only)**	(　　　)		3. **Total**	15,480	
4. **Total**	15,350		4. **Reconciling items:**		
5. **Reconciling items:**			Transfer not processed—		
TR #10705 recorded incorrectly	500	JE #13, 5/15	(JE #7 on 4/18/XX)	(250)	JE #15, 5/15
Allocation of interest earned	1,760		TR #10798 not posted	2,000	JE #16, 5/15
Transfer-in not recorded	200	JE #14, 5/15	Warrant #3245 recorded incorrectly	85	JE #19, 5/16
Stopped warrant #3180—paid by county treasurer	(95)	JE #17, 5/16			
Warrant #3230 recorded incorrectly	(400)	JE #18, 5/16			
6. **Reconciled balance**[2]	$17,315		5. **Reconciled balance**[2]	$17,315	

Prepared by _____　　　**Date** _____

Reviewed by _____　　　**Date** _____

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[1] During the encumbrance period, to reconcile the prior fiscal year's cash balance only use the prior year's balances and activity.

[2] Part A, Line 6 should equal Part B, Line 5.

Encumbrance Period Reconciliations

During the 60-day encumbrance period following June 30, the CSS should maintain separate records of each district fund for the prior and current fiscal years. Revenues and expenditures of the prior fiscal year should be recorded in that year's records, and revenues and expenditures of the current fiscal year should be recorded in records of the new fiscal year. The reconciliation of month-end cash balances during the encumbrance period should include the revenues and expenditures of both fiscal years. The CSS should follow the reconciliation procedures beginning on page III-F-3 during the encumbrance period and include revenues and expenditures of the current fiscal year in the lines provided in section A of the sample reconciliation form when reconciling the balances of the prior fiscal year.

Unreconciled balances discovered for the encumbrance period should be investigated by examining revenue and expenditure transactions, in the manner prescribed for the monthly reconciliation. During the encumbrance period, each receipt and disbursement recorded in the treasurer's ledger should be recorded in either the CSS' prior year's records or the current year's records, but not in both.

After the 60-day encumbrance period, if the CSS does not have shared accounting system access with districts, the CSS should submit to each district an updated report of revenues, expenditures, and ending cash balances by fund as of June 30. This report enables districts to reconcile their records to those the CSS maintained after the close of the fiscal year, and assists in resolving any differences before completing the districts' annual financial reports.

CHECKLIST

This checklist was developed to assist the CSS in establishing and maintaining adequate controls over expenditures, and may be used to evaluate UAMACSS requirements. Questions are phrased in such a way that "Yes" answers indicate satisfactory conditions, while "No" answers indicate possible weaknesses that should be corrected.

		YES	NO
1.	Is a treasurer's report of the previous month's ending account balances received for each district account by the 15th day of each month?		
2.	Is a monthly report of revenues, expenditures, and ending cash balances by fund prepared and submitted to each district without shared accounting system access in the county?		
3.	Is a final report of revenues, expenditures, and ending cash balances by fund prepared as of June 30 of each fiscal year, after the encumbrance period, and submitted to each district without shared accounting system access in the county?		
4.	Is a monthly reconciliation performed and documented for each district account maintained by the county treasurer by an employee who has no responsibility for maintaining district records? If this is not possible, are the reconciliations reviewed by a separate employee knowledgeable of the reconciliation process?		
5.	Does the reconciliation form document all reconciling items between the CSS' records and the county treasurer's records?		
6.	Is the county treasurer promptly notified of all adjustments that need to be made for errors in the county treasurer's records that were noted during the reconciliation process?		
7.	Are the CSS' records corrected for errors noted in the reconciliation process?		
8.	Are the reconciliations reviewed for completeness and accuracy?		
9.	Are copies of the reconciliation forms sent to each district in the county?		
10.	Are unreconciled differences between the CSS' records and the county treasurer's records resolved promptly?		

_____ COUNTY, ARIZONA
RECONCILIATION OF COUNTY SCHOOL SUPERINTENDENT'S
CASH BALANCE TO COUNTY TREASURER'S ACCOUNT BALANCE

_____ **School District No.** _____   **Fund(s)** _____   _____   **For the month ending** _____

DESCRIPTION	AMOUNT	DISPOSITION	DESCRIPTION	AMOUNT	DISPOSITION
PART A			**PART B**		
1. County School Superintendent's balance[3]	$ _____		1. County treasurer's account balance	$ _____	
2. Add revenues of the current fiscal year (encumbrance period only)	_____		2. Subtract outstanding warrants	(_____)	
3. Subtract expenditures of the current fiscal year (encumbrance period only)	(_____)		3. Total	_____	
4. Total	_____		4. Reconciling items:		
5. Reconciling items:				_____	_____
	_____	_____		_____	_____
	_____	_____		_____	_____
	_____	_____		_____	_____
	_____	_____		_____	_____
	_____	_____		_____	_____
	_____	_____		_____	_____
6. Reconciled balance[4]	$ _____		5. Reconciled balance[2]	$ _____	

Prepared by _____   **Date** _____

Reviewed by _____   **Date** _____

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[3] During the encumbrance period, to reconcile the prior fiscal year's cash balance only use the prior year's balances and activity.

[4] Part A, Line 6 should equal Part B, Line 5.

JOURNAL ENTRY FORM

School District _____   No._____

Date _____   JE No._____

Records to be Adjusted:

☐ County School Superintendent's records

☐ County Treasurer's records

FUND		Account Code	Debit	Credit
Name	**Number**			
		Total		

Description of adjustment:

_____
_____
_____
_____

Prepared by: _____
                        (Requesting official)

Approved by: _____
                        (CSS/Treasurer)

Posted by: _____
                        (CSS/Treasurer)

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CSS ANNUAL FINANCIAL REPORT

In accordance with Arizona Revised Statutes (A.R.S.) §15-302, the County School Superintendent (CSS) is required to complete and submit an annual financial report (AFR) to the Superintendent of Public Instruction on or before October 1. The report should include the amount of monies received from State school funds, special school district taxes and other sources, the total expenditures for school purposes, and the balance on hand to the credit of each school district at the close of the school year.

SCHOOL DISTRICT ANNUAL FINANCIAL REPORT

In accordance with A.R.S. §15-904, all districts must prepare and submit their AFR, including the required School-level AFR, to the CSS by October 15. The district should prepare the AFR files in accordance with the applicable fiscal year's forms, prescribed by the Arizona Auditor General in conjunction with the Arizona Department of Education (ADE), following the detailed preparation and distribution instructions.

The following procedures are recommended for the CSS to document the receipt and review of each district's AFR and School-level AFR. If issues are identified in the AFR or School-level AFR, the CSS should notify districts of the issues and recommend suggested changes.

Performed by	Procedure
Admin Clerk	1. Documents electronic receipt of the AFR and School-level AFR from the district by October 15. • Records the district name on the record of AFR submissions. • Submits the AFR to the account clerk for review.

Account Clerk	2. Reviews the AFR and School-level AFR for all districts as follows:
	
	• Verifies that the district used AFR and School-level AFR forms issued by the Arizona Auditor General and ADE for the correct fiscal year.
	
	• Reviews the "Cover" tab of the AFR for completion of the following:
	
	   ▪ District name.
	
	   ▪ County.
	
	   ▪ CTDS Number, which should agree to the number used by the Superintendent of Public Instruction.

Performed by	Procedure

- Verifies that all pages of the AFR and School-level AFR were completed as applicable.

- Verifies the following on the AFR's "Summary" tab:

  - District contact's name and contact information have been included.

  - Average daily membership counts and tax rates are accurate.

- Verifies the amounts on the AFR's "Page 7" tab for county-approved liabilities incurred in excess of the district budget agree to the CSS's records:

- Verifies the following on the School-level AFR:

  - Reviews "Totals" tab for the completion of the following:

    o District Name.

    o County.

    o CTDS Number.

  - For districts in multiple schools:

    o Verifies total YTD Transactions in column C of the "Accounting Data" tabs agree between the AFR and School-level AFR.

    o Verifies all district schools are included in column B of the table on the "Totals" tab.

    o Verifies all schools have a primary unit code in column E of the table on the "Totals" tab.

  - For districts with a single school:

    o Verifies amounts in columns C through N on the School-level AFR's "AFR Page 9" tab agree to the amounts reported on the "Page 9" tab in the AFR.

    o Verifies all district schools are included in column B of the table on the "Totals" tab.

Performed by	Procedure

	3. Compares the following actual amounts as recorded on the AFR to the CSS' records (do not perform for districts participating in the Accounting Responsibility Program):
	
	• Beginning Fund Balances.
	
	• Ending Fund Balances.
	
	• Amounts of bonds outstanding (for reasonableness).
	
	• Verifies the following in the AFR Accounting Data tab:
	  ▪ Total revenues (batch total all funds).
	  ▪ Total transfers in and out (batch total all funds, total transfers-in should agree to total transfers-out).
	  ▪ Total expenditures (batch totals as described below):
	    ○ All funds.
	    ○ M&O Fund.
	    ○ UCO Fund.
	    ○ Classroom Site Fund.

	4. Notifies the district of differences noted during the review.
	5. If an AFR or School-level AFR revision is required, receives revised file(s) and performs steps 1 through 4, as necessary.
	6. Reports differences noted and district responses to the CSS or designee.
CSS or Designee	7. Reviews differences noted in the AFR and School-level AFR and district responses.
	8. Determines whether additional actions are necessary for any issues not resolved by the district.
Account Clerk	9. Retains an AFR and School-level AFR for each district.

CHECKLIST

This checklist was developed to help the CSS to establish and maintain effective controls over the AFR review process and may be used to evaluate compliance with UAMACSS requirements. Questions are phrased in such a way that "Yes" answers indicate satisfactory conditions, while "No" answers indicate possible weaknesses that should be corrected.

	YES	NO

1. Are records maintained and reviewed to determine whether all appropriate district AFRs and School-level AFRs have been electronically submitted to the CSS?

2. Are differences noted in the AFR and School-level AFR review communicated to applicable districts for correction?

3. Are district corrections or responses concerning communicated differences and/or issues reviewed for reasonableness?

4. Are necessary actions for unresolved issues taken?

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INTRODUCTION

Traditionally, accommodation schools have provided educational services to students living on military reservations or in unorganized territories. Accommodation schools may also be used to offer educational services to homeless children or to offer alternative education programs. Arizona Revised Statutes (A.R.S.) §15-308. The County School Superintendent (CSS) may, upon the approval of Arizona Department of Education (ADE's) Division of Exceptional Student Services, establish special education programs in the county accommodation schools under the CSS' jurisdiction. A.R.S. §15-764(D). Existing accommodation schools may also be used to operate juvenile detention center education programs and county jail education programs. If a county chooses not to run these programs through accommodation schools, they may set up a Detention Center Education Fund and County Jail Education Fund, as provided in A.R.S. §§15-913 and 15-913.01. See §V, County School Funds, for further discussion of these funds.

Most accommodation schools are operated by the CSS rather than an elected governing board, as with school districts. The CSS administers the accommodation school and is delegated by statute the same powers and duties as a district governing board. However, an accommodation school located on a military reservation has a governing board as required by A.R.S. §15-465.01 and the CSS interacts with those accommodation districts as it does with any other school district. CSS accommodation schools should follow the same statutory provisions as districts unless indicated otherwise in statute.

POLICIES

The CSS must adopt the following policies to comply with the statutory requirements that govern the establishment and ongoing administration of the CSS's accommodation schools:

1. The CSS acts as the governing board of an accommodation school. A.R.S. §15-101(14)

2. The CSS may provide educational services of an accommodation school to districts in the county, using the facilities of the accommodation school. The CSS administers the program and must develop a fiscal year budget in the same manner as districts. A.R.S. §15-308(A). In accordance with A.R.S. §15-185(G), the CSS may also provide educational services to a charter school located in the county through an accommodation school. The CSS may charge a fee to recover costs for providing educational services to charter schools.

3. The CSS may offer educational services to homeless children or offer alternative education programs as defined in A.R.S. §15-796 through an accommodation school. A.R.S. §15-308(B)

4. Subject to related laws, including those described in items 5 and 6 below, the CSS may construct, improve, and furnish school buildings, or purchase or sell school sites while conducting an accommodation school. A.R.S. §15-341(B)

5. An accommodation school shall not lease, sell or take any action that would diminish the value of land purchased or partially purchased with monies provided at the direction of the School Facilities Oversight Board (SFOB) without obtaining prior written approval from

SFOB. The proceeds derived through any such sale shall be returned to the state fund from which it was appropriated and to any other participating entity on a proportional basis. A.R.S. §41-5741(F)

6. An accommodation school may enter an agreement with SFOB in which the accommodation school agrees to sell improved or unimproved property and transfer the proceeds of the sale to SFOB in exchange for monies for the acquisition of a more suitable school site. For a sale of property acquired by an accommodation school district before July 9, 1998, the accommodation school must transfer the portion of the proceeds that equals the cost of the more suitable school site acquisition to SFOB. The accommodation school can only use any remaining proceeds for future land purchases approved by SFOB, or for capital improvements not funded by SFOB for any existing or future facility. A.R.S. §15-342(10)(C)

7. The CSS must record accommodation school expenditures in the Special County School Reserve Fund. A.R.S. §§15-465(B) and 15-1001(A)(5)

8. The CSS may establish a special education program in an accommodation school after approval from and in accordance with the rules of ADE's Division of Exceptional Student Services. A.R.S. §15-764(D)

9. In the event of excessive and unexpected legal expenses, or for an emergency for which the accommodation district did not receive funding pursuant to A.R.S. §41-5721, the CSS may petition the board of supervisors requesting authorization to incur liabilities in excess of the accommodation school budget. A.R.S. §15-907(A)

10. The CSS must compute a revenue control limit, district support level, and district additional assistance allocation limit for each fiscal year of operation of an accommodation school. State aid (State equalization assistance) must be apportioned to each accommodation school pursuant to A.R.S. §15-973. A.R.S. §15-909

11. If an accommodation school has a student count of 126 or more in kindergarten and grades 1 through 8 or a student count of 101 or more in grades 9 through 12 and has a positive total cash balance at the end of a fiscal year in its Maintenance and Operation Fund, the CSS may authorize an increase in the accommodation school's revenue control limit for the following fiscal year, as provided in A.R.S. §15-947. A.R.S. §15-974.

12. If an accommodation school has a student count of 126 or more in kindergarten and grades 1 through 8 or a student count of 101 or more in grades 9 through 12 and has a cash balance in excess of the amount needed to fund the budget balance carryforward and the addition authorized by A.R.S. §15–974 for the following fiscal year, the remaining cash balance may be used for capital expenditures. A.R.S. §15-974

13. The board of supervisors must approve warrants drawn on the Special County School Reserve Fund prior to payment in the same manner as other county warrants are approved, unless this responsibility has been delegated to the CSS. A.R.S. §15-1001(A)

14. The budget of the Special County School Reserve Fund must include amounts for necessary expenses for establishing and conducting accommodation schools pursuant to

A.R.S. §15-308. A.R.S. §15-1001(A)(5)

15. If an accommodation school accepting federal monies becomes a school district, the board of supervisors may order the CSS to transfer the cash balance credited to the accommodation school as of July 1 of the fiscal year in which the transfer occurred to the newly organized school district. Additionally, all real and personal property of the accommodation school becomes the property of the newly formed school district. A.R.S. §15-1002(C)

PROCEDURES

In general, the CSS should process accommodation school transactions in the same manner as district transactions. However, due to the CSS' dual role as administrator of the accommodation school and as CSS, some procedures should be modified accordingly.

The CSS should establish internal control policies and procedures to help ensure adequate separation of responsibilities among CSS staff for authorizing, processing, and recording accommodation school transactions.

Accounting Records

The CSS must maintain the accounting records of accommodation schools within the Special County School Reserve Fund, as required by A.R.S. §§15-465(B) and 15-1001(A)(5). Additionally, the CSS should maintain subsidiary accounting records for each accommodation school according to the USFR, §III, Chart of Accounts, in the same manner as the accounting records of other districts are maintained to facilitate administering the program and budgeting for the accommodation school according to the process specified for districts as required by A.R.S. §15-308(A). The subsidiary accounting records should be maintained in sufficient detail to allow revenues to be recorded by fund and object code and expenditures by fund, program, function, object, and unit code, in accordance with the USFR, §III, Chart of Accounts.

Revenues

Accommodation school revenues are derived from the same sources as district revenues, except that accommodation schools do not receive property taxes because the schools are not within the boundaries of an established district and, therefore, do not have a tax base.

Other revenues budgeted by the board of supervisors for the Special County School Reserve Fund may be allowed to be used for accommodation school expenditures when the accommodation school's revenues from noncounty sources are not sufficient to meet the school's expenditures.

Accommodation schools may receive gifts, grants, and devises to be used for purposes set forth in the terms of the gifts, grants, and devises. After the monies have been expended for their intended purpose, and if consistent with the terms of the gifts, grants, and devises, the CSS may carry forward any balance remaining for use by the accommodation school in the budget year. A.R.S. §15-341(A)(14)

ACCOMMODATION SCHOOLS

Accommodation school cash receipts may be received by the CSS, the county treasurer, or the accommodation school. Monies received by the accommodation school must be remitted either to the CSS for deposit with the county treasurer or directly to the county treasurer. The CSS should follow the procedures outlined in §III-C, Revenues, for processing revenues of an accommodation school.

Expenditures

Accommodation schools may make the same types of expenditures as other districts. However, expenditures must be paid from the Special County School Reserve Fund.

Vouchers may be prepared by either the accommodation school or the CSS. After an expense voucher is received from the accommodation school or prepared by the CSS, the CSS should follow the procedures outlined in §III-D, Expenditures, (Voucher Processing) except as follows :

1. The review process would not include verification of governing board signatures for accommodation schools other than those on a military base established under A.R.S. §15-465.01. Instead, the CSS must sign the expense voucher cover sheet in place of the governing board upon completion of the review process.

2. The board of supervisors must approve the voucher before warrants are prepared for payment from the Special County School Reserve Fund unless this responsibility has been delegated to the CSS.

CSS accommodation school warrants should be prepared, reviewed, and distributed as prescribed in county policies or, if allowed by county policies, in the same manner as district warrants. The CSS should follow the procedures outlined in §III-D, Expenditures, (Warrant Preparation and Distribution) except as follows:

1. All warrants must be drawn on the Special County School Reserve Fund.

2. The CSS may distribute the warrants rather than returning the warrants to the accommodation school for distribution.

Budgets

An accommodation school must prepare an annual expenditure budget and meet the same statutory requirements of budgeting as districts.

Accommodation school budgets should be prepared on the same budget forms as districts. Following are some additional budgeting considerations specific to accommodation schools:

- An accommodation school should compute a revenue control limit, a district support level, and a district additional assistance allocation limit for each fiscal year of operation. State aid should be apportioned as provided in A.R.S. §15-973 to each accommodation school. A.R.S. §15-909

- When an accommodation school has a student count of 126 or more in kindergarten and grades 1 through 8 or a student count of 101 or more in grades 9 through 12 and has a positive total cash balance at the end of a fiscal year in its Maintenance and Operation

Fund, the CSS may authorize an addition to the accommodation school's revenue control limit as provided in A.R.S. §15-947(A) for the following fiscal year. The CSS may not authorize an addition that exceeds the lesser of the ending cash balance minus the amount budgeted for the budget balance carryforward as provided in A.R.S. §15-943.01 or 10 percent of the revenue control limit of the accommodation school and 5 percent of the revenue control limit pursuant to A.R.S. §15-482, without the necessity of an election pursuant to A.R.S. §15-481. If an accommodation school has a cash balance in excess of the amount needed to fund the budget balance carryforward and the addition authorized for the following fiscal year, the remaining cash balance may be used for capital expenditures. A.R.S. §15-974(B). The amount of the allowable increase in the accommodation school's revenue control limit is calculated on the school district expenditure budget packet, Calculations tab.

- If the county operated a juvenile detention center education program through an existing accommodation school in the year before it begins to operate the program through the Detention Center Education Fund, any prior year student counts used by the accommodation school in its budget process (e.g., counts for district additional assistance and classroom site funding) must be reduced by the student count attributable to the juvenile detention center education program in its first year of operation. A.R.S. §15-913(G)

- If the CSS operates a county jail education program through an existing accommodation school, the funding for these pupils will be 72 percent of the amount they would receive if the pupils were enrolled in another accommodation school program. A.R.S. §15-913.01(C). Additionally, if such a program was operated through an accommodation school in the year before it begins operating the program through the County Jail Education Fund, any prior year student counts used by the accommodation school in its budget process (e.g., counts for district additional assistance and classroom site funding) must be reduced by the average daily membership attributable to the accommodation school's county jail education program in its last fiscal year of operation. A.R.S. §15-913.01(G)

The CSS may petition the board of supervisors requesting authority to incur liabilities in excess of the accommodation school's budget in the event of excessive and unexpected legal expenses or for an emergency for which the accommodation school did not receive funding pursuant to A.R.S. §41-5721. The CSS should request the amount deemed necessary in the circumstances. A.R.S. §15-907(A)

The accommodation school or the CSS may prepare accommodation school budgets. For specific guidance on how these budgets must be prepared, refer to the most current school district annual expenditure budget packet. After the budgets are prepared, the CSS should follow the review procedures outlined in §III-E, Budgets, except as follows:

1. If the CSS authorized an increase in the revenue control limit of an accommodation school, a notification should be sent to the Superintendent of Public Instruction with the school's adopted budget indicating that the CSS approved an increase in the revenue control limit.

2. The review process would not include verification of governing board or chief administrative officer signatures unless the accommodation school is established on a military base under A.R.S. §15-465.01, or verification that the current-year tax rates are included on the cover sheet.

3. For accommodation schools other than those established on military bases under A.R.S. §15-465.01, the CSS must sign the budgets in the place of the governing board. When the CSS signs the accommodation school's proposed expenditure budget, it becomes the school's adopted budget.

Budget revisions and adjustments

Accommodation schools follow the same statutes as districts when revising and adjusting an expenditure budget. Refer to the most current annual expenditure budget packet for specific guidance.

The accommodation school or the CSS may revise or adjust accommodation school budgets. After the budget is revised or adjusted, the CSS should follow the review procedures outlined in §III-E, Budgets, except the review process would not include verification of governing board signatures for accommodation schools other than those on a military base established under A.R.S. §15-465.01. Instead, the CSS signs the expenditure budget in place of the governing board as well as signing as reviewer.

Annual Financial Report

ADE requires accommodation schools that receive State equalization assistance to prepare and submit an Annual Financial Report (AFR), which must be submitted to ADE by October 15.

If the accommodation school prepares the AFR, the school should submit the AFR to the CSS for review. The CSS should follow the review procedures outlined in §III-G, Annual Financial Reports, as applicable.

Special Education Programs

In accordance with A.R.S. §15-764(D), upon the approval of ADE's Division of special education (e.g., ADE's Exceptional Student Services Division), the CSS may establish special education programs in the accommodation school to provide such services in accordance with the rules of the Division. The CSS may also enter into cooperative agreements with districts to provide such services (see §VI, Special Programs).

CONTENTS

INTRODUCTION

In fulfilling statutory duties, the County School Superintendent (CSS) is responsible for administering the County School Fund and the Special County School Reserve Fund. Additionally, the CSS may also establish and administer a Detention Center Education Fund and a County Jail Education Fund.

The County School Fund is used to account for monies that benefit districts; the revenue sources are specified by statute. The Special County School Reserve Fund is supported by the county tax levy and is budgeted for annually by the board of supervisors. Expenditures from this fund are restricted by statute; however, they may include conducting accommodation schools and service programs.

The Detention Center Education Fund and County Jail Education Fund may be established in counties where a juvenile detention center or county jail is operated. These funds are used to provide financial support for education programs to prisoners age 21 or younger.

The CSS should follow the procedures outlined in the *Uniform Accounting Manual for Arizona* Counties (UAMAC) when making expenditures from these funds.

COUNTY SCHOOL FUND

The County School Fund is a continuing fund, and any balance remaining at year-end may be carried forward to be used in the subsequent year. In accordance with A.R.S. §15-1000, the county treasurer should deposit monies from the following sources into the County School Fund whether received directly from the payer or through deposit made by the CSS.

- Payments made under A.R.S. §36-1419 that represent payments in lieu of the county levy for school purposes. When a housing project is owned and administered by a housing authority under Title 36, Chapter 12, Article 1, the housing authority and the city, town, or county in which the project is located may agree upon payments to be made in lieu of property taxes. These payments are collected in the same manner as other county taxes.

- Taylor Grazing Act monies as provided in A.R.S. §37-723. All monies the State receives as its distributive shares of the amounts the United States government collects under the provisions of the Taylor Grazing Act are apportioned among the counties in which the grazing district or leased public land is located.

- All receipts from the lease of public lands as provided in A.R.S. §37-724. All monies the county receives from the lease of public lands within the county must be deposited with the district within which the leased land is located. If the lands do not lie within a district, the county treasurer must deposit the monies in the County School Fund.

- Balances remaining in the Special County School Reserve Fund at the end of the fiscal year. However, monies related to ongoing service programs and accommodation schools should not be transferred to the County School Fund.

- All balances remaining in the funds of lapsed districts after the payment of all unbonded

indebtedness of the district as authorized by A.R.S. §15-469. The CSS may need to request the county treasurer make the appropriate transfers.

- All dividends, proceeds from sales, refunds, credits arising from canceled warrants, and any other sums or amounts that are attributable to the County School Fund.

- All other federal lieu taxes not specifically allocated by law.

- Any gratuity or devise designated for specific school purposes.

Additionally, monies must also be deposited into the County School Fund under the following circumstances:

- In accordance with A.R.S. §15-998, fines assessed against the county treasurer for failure to keep a separate account for each district and for the Special County School Reserve Fund or for failure to comply with the notice requirements of A.R.S. §15-996.

- Forest reserve monies the State Treasurer receives from the federal government in accordance with A.R.S. §11-497 must be apportioned among the counties according to the forest reserve acreage in each county. The monies should be disbursed for the benefit of public schools and public roads of the county as directed by the board of supervisors. The county treasurer must notify the CSS of the amount received from the State Treasurer. The portion that is designated to benefit public schools should be deposited in the County School Fund.

The CSS should receive a validated treasurer's receipt or revenue posting report from the county treasurer for all monies deposited in the County School Fund. Upon receipt of the validated treasurer's receipt or revenue posting report, the CSS should follow the procedures to record revenues outlined in the UAMAC. All supporting documentation, including validated treasurer's receipts and revenue posting reports, must be retained, and the records of the County School Fund maintained on an accurate and timely basis.

SPECIAL COUNTY SCHOOL RESERVE FUND

The board of supervisors annually budgets an amount for the Special County School Reserve Fund to meet its projected requirements.

The CSS should notify the board of supervisors of the estimated amount of monies necessary for the Special County School Reserve Fund for the budget year. This notification should be itemized and submitted to the board of supervisors along with the estimate of monies necessary for the districts for the ensuing year (see §III-E, Budgets). The CSS should consider the following needs listed in A.R.S. §15-1001 when preparing the estimate of monies required for the Special County School Reserve Fund:

- Amounts for transporting school children to and from 1- and 2-room rural schools when the CSS determines that such aid is necessary.

- Amounts for transporting children eligible to receive State aid to and from unorganized territories to districts.

- Amounts for transporting, to and from the nearest high school, pupils residing in common school districts not within a high school district, if the CSS determines that such common school districts need such aid to supplement transportation aid received from the Arizona Department of Education (ADE).

- Amounts for 1- and 2-room school districts that, when added to the State aid for a district, will provide not more than $5,000 for a 1-room school and not more than $9,000 for a 2-room school if such schools are maintained for a minimum of 175 days or 200 days per year, as applicable.

- Amounts necessary for establishing and conducting accommodation schools pursuant to A.R.S. §15-308. See §IV, Accommodation Schools.

- Amounts necessary to establish and maintain, for the first year of operation, a county special education program for children with disabilities as provided in Title 15, Chapter 7, Article 4. For funding in subsequent years, see §VI, Special Programs.

In addition to the allowable expenditures detailed above, the CSS may also use the Special County School Reserve Fund for the following purposes:

- Necessary expenses in excess of the per capita apportionment from the county school fund for the establishment and conduct of schools in unorganized territories. A.R.S. §15-1002

- Expenditures for service programs, pursuant to A.R.S. §15-365 (See §VI, Special Programs). A.R.S. §15-1002

- Expenditures necessary to conduct an accommodation school on a military reservation. A.R.S. §15-465

- Expenditures not to exceed $10 per school month, per pupil toward the education of children of compulsory school age living at such a distance or inaccessible place that attendance in a school is impracticable. A.R.S. §15-826

To expend monies from the Special County School Reserve Fund, the CSS prepares vouchers that must be approved by the board of supervisors unless this responsibility has been delegated to the CSS. Warrants drawn on the Special County School Reserve Fund must be supported by a properly approved voucher.

TRANSPORTATION AID

A.R.S. §15-1001(B) requires the CSS to determine the eligibility for transportation aid of children from unorganized territories and to certify the eligibility to ADE. To fulfill this requirement, the CSS issues Certificates of Educational Convenience for children in unorganized territories in accordance with A.R.S. §15-825 and forwards copies of the certificate to ADE and the district of attendance.

A.R.S. §15-1001(C) requires the CSS to determine the amount of transportation aid necessary for the transportation of children from unorganized territories and certify the amount to ADE. The CSS must determine the amount necessary in accordance with A.R.S. §15-945(A)(1) and (2), and

complete **ADE's form** for reporting the cost of transporting students from unorganized territories. The form includes actual pupil transportation expenditures for the previous year and the calculation of the estimated pupil transportation expenditures for the current year. In accordance with A.R.S. §15-1001(C), transportation aid must not exceed the actual cost of providing the transportation. To ensure that this provision is complied with, ADE compares the previous year's actual pupil transportation expenditures reported on the form to the prior year's actual transportation aid payments and adjusts the current year's estimated amount by the under- or overpayment.

The CSS must complete and return the form to ADE by a designated date. ADE must apportion the monies for transportation aid no later than the second Monday in September, December, March, and June.

DETENTION CENTER EDUCATION FUND

In accordance with A.R.S. §15-913, each county that operates a juvenile detention center must offer an education program to school-age children in the detention center. The CSS and the presiding juvenile court judge must agree on the method of program delivery. If a county chooses not to operate the program through an existing accommodation school, the CSS may establish a Detention Center Education Fund to provide financial support for the program.

Funding for the Detention Center Education Fund consists of a base amount that is adjusted annually by the growth rate prescribed by law and a variable amount calculated pursuant to A.R.S. §15-913(E). The base amount and variable amount for each county served will be funded with State General Fund monies, subject to appropriation. The CSS must submit claims to the Superintendent of Public Instruction for payment and deposit the appropriate amounts into the fund. Any excess monies in the Detention Center Education Fund shall be used to supplement classroom spending. If the detention center education program serves more than 1 county, the CSS must deposit the monies in accordance with A.R.S. §15-913(F).

COUNTY JAIL EDUCATION FUND

In accordance with A.R.S. §15-913.01, each county that operates a county jail must offer an education program to all prisoners who are age 21 or younger, who do not have a high school diploma or a general equivalency diploma, and who are confined in the county jail. The CSS and the sheriff must determine the method of program delivery. If the CSS chooses not to operate the program through an accommodation school, the CSS may establish a County Jail Education Fund to provide financial support for the program.

Funding for the County Jail Education Fund consists of a fixed base amount and a variable amount determined each year in accordance with A.R.S. §15-913.01(D) and (E). The base amount and variable amount for each county served will be funded with State General Fund monies, subject to appropriation. The CSS must submit claims to the Superintendent of Public Instruction for payment and deposit the appropriate amounts into the fund. If the jail education program serves more than 1 county, the CSS must deposit the monies in accordance with A.R.S. §15-913.01(F).

CONTENTS

INTRODUCTION

The County School Superintendent (CSS) may establish special programs to provide various services to school districts. These programs include special education programs, service programs, and special small district service programs.

Special education programs adjust environmental factors; modify the course of study; and adapt teaching methods, materials, and techniques for the education of students with disabilities to such an extent that they need special education in order to receive educational benefit. A CSS may provide special education programs through an existing accommodation school or through cooperative agreements with districts. Additionally, a CSS may be involved in the administration of a special education program or may contract with a public or private school to provide such services to districts.

The CSS may establish service programs and special small district service programs at the request of a district governing board. Service programs the CSS establishes include those that can be accomplished more efficiently and economically as multidistrict or multicounty operations. The CSS may establish special small district service programs to meet the needs of districts with a total student count of fewer than 600.

SPECIAL EDUCATION PROGRAMS

A.R.S. §§15-764(C) and (D) authorizes the CSS to establish special education programs in existing accommodation schools or through a cooperative agreement with districts. Such agreements should be in writing and identify the party to administer the program in accordance with the agreement. The agreements may include tuition students and may also include lease-purchase (i.e., financed purchase) of special education program facilities. Special education programs must meet the approval of and comply with the rules of Arizona Department of Education's (ADE) division of special education (i.e., ADE's Exceptional Student Services Division).

The CSS will not receive equalization assistance for special education students unless the county complies with the provisions of A.R.S. §15-761 et seq and the conditions and standards prescribed by the Superintendent of Public Instruction pursuant to the rules of the State Board of Education for pupil identification and placement as required by A.R.S. §§15-766 and 15-767. A.R.S. §15-769(C)

Tuition Cost

The CSS must present a written estimate of the program's tuition cost to the districts that have signed an agreement to participate in the accommodation school's special education program. The tuition cost is the estimated per capita cost based on the number of pupils that each district has estimated will enroll in the program, and can be calculated using the worksheet provided on page VI-6. Program expenditures can be estimated based on the magnitude of the program, staff contracts, current estimates of costs, and past experience.

Districts must pay the tuition quarterly in advance on July 1, October 1, January 1, and April 1 to the CSS. The tuition charges must be adjusted accordingly for increases in enrollment during the

school year over the district's July 1 estimated enrollment. In the event of district overpayment, the CSS must adjust the tuition at the close of the school year. A.R.S. §15-764(D)

In accordance with A.R.S. §15-1001(A)(6), the CSS may budget the necessary expenditures to establish and maintain for the first year of operation a special education program for children with disabilities in the Special County School Reserve Fund. (See §V, County School Funds)

Contracts for Special Education Services

A CSS may, in accordance with A.R.S. §15-765(D), contract with and make payments to public schools, private schools, institutions, and agencies approved by ADE's Exceptional Student Services Division, within or outside the county, to provide services to children with disabilities if all of the following conditions have been met:

- The provisions of A.R.S. §15-766, requiring the evaluation of a student for placement in a special education program.

- The conditions and standards ADE's Exceptional Student Services Division prescribes.

- The county is unable to provide satisfactory education and services through its own facilities or personnel in accordance with the rules of ADE's Exceptional Student Services Division.

SERVICE PROGRAMS

Establishment of Programs

In accordance with A.R.S. §15-365, the CSS may establish service programs for situations in which services can be provided more efficiently and economically as multidistrict or multicounty operations, such as staff training, accounting, grant program writing and management, and purchasing. Once established, service programs must be made available to any local district governing board officially requesting such programs. Agreements or contracts between the CSS and the district to provide or participate in such programs are not subject to the provisions of A.R.S. §11-951 et seq governing intergovernmental agreements and contracts.

Program Costs

A.R.S. §15-365(B) and (K) require the costs of a service program to be paid exclusively by participating districts. Therefore, Attorney General Opinion I94-007 states that the county cannot directly pay costs of the service program. CSSs should charge the participating districts for actual central administrative and general service costs quarterly or as provided in the agreement or contract. The CSS should estimate the costs and provide such estimates to participating districts to consider when adopting their annual budgets.

To estimate the expenditures for each service program, the CSS should include both its central administrative and general service costs. Central administrative costs are those costs to administer a service program benefiting all districts in the program. General service costs are those costs

directly related to a specific service program. These costs can be estimated based on requests for services, staff contracts, and past experience.

Fiscal Report

The CSS operating a service program for the benefit of districts is required to prepare a fiscal report for each service program and submit the report(s) to each district involved in the program and to the board of supervisors by May 31. These fiscal reports show the expenditures of each service program. A.R.S. §15-365(D)

Expenditures on the fiscal report may be grouped by central administrative and general service costs or by fund, program, function, and object code depending on how the CSS records expenditures.

Actual expenditures through March 31 should be reported based on the CSS' accounting records. Estimated expenditures from April 1 through June 30 should be calculated and reported. Two methods for estimating expenditures are presented below; however, any reasonable method may be used.

- Prepare a list of total annual expenditures based on actual spending and known amounts for consistent spending from month to month (such as salaries, employee benefits, purchased services, supplies, etc.) and add to it any other anticipated periodic spending for April, May, and June.

or

- If program costs are uniformly spent throughout the fiscal year, divide total actual expenditures at March 31 by 9 (the number of months from the beginning of the fiscal year) to determine the average expenditures per month for the program. Multiply the average expenditures per month by 3 (the number of months remaining in the fiscal year) to add to the actual costs.

Progress Report

The CSS must also prepare a progress report for each service program and submit the report by May 31 to the board of supervisors and each participating district. A.R.S. §15-365(D)

The progress report should provide information concerning the nonfinancial aspects of the service program. The progress report may be a written narrative of the program and typically should include the following information:

- Name of service program.

- Type of services provided.

- Districts in the program.

- Total students participating in each service.

- Total teachers or other staff in the program.

- Objective of each service.

- Report on whether the objective is being met and reasons for the determination.

This report, together with the fiscal report, should give an overall perspective of the service program.

SPECIAL SMALL DISTRICT SERVICE PROGRAMS

Establishment of Programs

The CSS is authorized by A.R.S. §15-365 to establish special small district service programs in such areas as administrative assistance and specialized services to meet the unique needs of districts with a total student count of fewer than 600. Students in grades 9 through 12 from an elementary school district not within a high school district must be excluded from the elementary district's student count when considering eligibility for small district services programs, unless the elementary district provides instruction to those students. Small district service programs may be organized within a single county or may be organized to serve 2 or more counties, depending on the number of small districts within the county.

If a special small district service program was established before fiscal year 1987-88, the program may continue to operate as a single county program if the county contains fewer than 7 but at least 4 small school districts with a student count of fewer than 600. The Superintendent of Public Instruction selects a county of jurisdiction for each small district service program that is required to serve 2 or more counties based on the criteria in A.R.S. §15-365. A school district that participated in a small district service program in the prior year, which now has a student count of 600 or more in the current year, may continue to participate in the program for the current year and 1 additional year.

Program Costs

In accordance with A.R.S. §15-365(F), the CSS administering the small district service program must budget the expenditures and include such amounts in the county budget. The costs of the program are payable in part from the Small District Service Program Fund. Costs in excess of the amount available in the Small District Service Program Fund must be shared on a user basis and be budgeted and paid as contract costs by the participating districts. The CSS should account for such contract revenues in the Small District Service Program Fund.

The Small District Service Program Fund consists of a base amount per program plus an amount for each eligible district in the county or counties served by the program as prescribed in A.R.S. §15-365(F). The CSS must submit claims for payment to ADE's School Finance Payment Team. The CSS should deposit the payments into the Small District Service Program Fund.

If the CSS receives monies from another county to pay for its proportionate share, based on its participating districts, the CSS should deposit the money received in the Small District Service Program Fund.

Reporting Requirements

The CSS should prepare a fiscal report and progress report for each special small district service program in the same manner as other service programs. See pages VI-3 and 4 for a discussion of these reports.

SPECIAL PROGRAMS

Special Education Program

Tuition Cost Worksheet

_____   _____

Program   **Fiscal year**

1. **Estimated expenditures of program**   _____

2. **Less:**   **Estimated revenues from sources other than tuition**
              (List source and amount)

   _____   _____

   _____   _____

   _____   _____

   _____   _____

   _____   _____

   _____   _____

   _____   _____

   Total nontuition revenues   _____

3. **Amount to be provided by tuition (line 1 less line 2)**   _____

4. **Expected student enrollment**   _____

5. **Estimated per-student tuition cost (line 3 divided by line 4)** _____

6.

District	Program enrollment	X	Estimated per-student cost	=	Annual tuition cost	÷ 4 =	Quarterly tuition cost
		X		=		÷ 4 =	
		X		=		÷ 4 =	
		X		=		÷ 4 =	
		X		=		÷ 4 =	
		X		=		÷ 4 =	
		X		=		÷ 4 =	

CONTENTS

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COMPLETION REPORTS

The County School Superintendent (CSS) should refer to the guidance issued by the Arizona Department of Education (ADE) for federal grant reporting policies, procedures, and forms. Districts must follow these guidelines available at **www.azed.gov/grants-management** as part of the *Uniform System of Financial Records for Arizona School Districts*.

For federal grants administered through ADE, school districts are required to submit completion reports to ADE. As the pass-through grantor, ADE requires districts, except for those operating under the Accounting Responsibility Program, to submit the completion reports through their respective CSS for certification before forwarding them to ADE. ADE requires the CSS to certify that the reports were reconciled to the CSS' records and that the reports are reasonable statements of total grant expenditures.

An overview of the process involving the CSS review and approval of district completion reports can be accessed from ADE's **Grants Management Resources Library**, under **GME User Resources/Training/Completion Reports.** If you need assistance, please call ADE Grants Management at (602) 542-3901.

The CSS should monitor district budget reports and completion reports received for each applicable grant electronically through ADE's grants management website and may maintain a Budget/Completion Report Control Log for each district to monitor the budget reports and completion reports received and reviewed. A sample control log is provided on page VII-2.

COMPLETION REPORTS

Budget/Completion Report Control Log

_____ School District No. ____

For the Year Ended June 30, ____

Grant Name	CFDA Number	Grant Expiration Date	Received Budget Report		Received Amended Budget Report		Received Completion Report		Reviewed Completion Report		Submitted Completion Report to ADE	
			By	Date	By	Date	By	Date	By	Date	By	Date

INFORMATION TECHNOLOGY

County School Superintendents (CSS) should refer to the *Uniform Accounting Manual for Arizona Counties* information technology (IT) internal control guidelines designed to help CSS and IT personnel develop and implement adequate internal controls for IT-based systems.

As CSS often interact with school districts through shared access to IT accounting systems, they should review school district IT internal control guidelines in the *Uniform System of Financial Records for Arizona School Districts* (USFR) and **School District IT FAQs** to ensure its district-related IT controls comply with USFR guidelines. For example, the CSS should ensure that CSS employees have only the access in district accounting systems that is necessary to do their jobs.

RECORDS MANAGEMENT

Arizona Revised Statutes §41-151.12 authorizes the Arizona State Library, Archives and Public Records to establish standards, procedures, and techniques for the effective management of public records. The Arizona State Library, Archives and Public Records' Records Management Division publishes the ***General Retention Schedule for Counties***, which the County School Superintendent (CSS) should refer to for proper record retention and disposition of their records. In addition, the CSS should follow any county specific record retention guidance.

If the CSS performs recordkeeping duties for school districts, such as preparing payroll registers and maintaining payroll files, the CSS should retain those accounting records and supporting documentation in accordance with the ***General Retention Schedule for School Districts and Charter Schools***, also published by the Records Management Division.

Questions regarding records management should be directed to the Arizona State Library, Archives and Public Records' Records Management Division. Information may also be obtained from the Records Management Divisions' **website**.