



## Arizona Department of Education

The Audit Unit

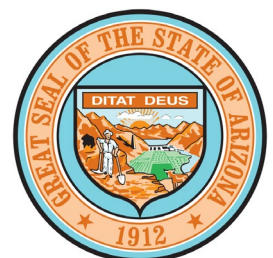
1535 W. Jefferson St., Bin 19

Phoenix, Arizona 85007

602-364-4036

# Average Daily Membership Audit Report Tucson Unified School District Fiscal Years 2017, 2018 and 2019

Report Number—21-29  
February 25, 2021



**CONTACTING  
THE AUDIT UNIT**

Taylor MacNamara, Audit Manager

Phone: 602.364.4063

Email: Taylor.MacNamara@azed.gov

Fax: (602) 364-3264

Mail: 1535 W. Jefferson St., Bin 19  
Phoenix, AZ 85007-3209

---

**OBTAINING ADDITIONAL COPIES**

*To obtain additional copies of this report, please submit a formal request to the address below:*

Arizona Department of Education—The Audit Unit  
1535 W. Jefferson Street, Bin 19  
Phoenix, AZ 85007-3209

---



## Arizona Department of Education

Audit Unit

February 25, 2021

Superintendent Trujillo  
Tucson Unified School District  
1010 E 10th St  
Tucson, AZ 85719

Dear Superintendent Trujillo:

The Arizona Department of Education Audit Unit has conducted an audit of the Tucson Unified School District (District) Average Daily Membership (ADM) for fiscal years (FY) 2017, 2018 and 2019. The purpose of the audit was to address whether the District properly reported student enrollment, and to determine if it received the correct amount of Basic State Aid.

Auditors determined that the District incorrectly reported the enrollment data of 250 students, which resulted in an ADM overstatement of 68.25. Furthermore, auditors determined that the District incorrectly reported the AOI data of 763 students, which resulted in an ADM overstatement of 0.44. In total, the District had an ADM overstatement of 68.69. As a result, the District was overfunded by \$279,852.98 which the District must repay to ADE. Additionally, auditors determined that the District failed to properly maintain some required documentation in student cumulative files.

We appreciate the cooperation and assistance provided by the District's administration during the course of the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melissa Moreno".

Melissa Moreno,  
Chief Auditor

**Kathy Hoffman, Superintendent of Public Instruction**

1535 West Jefferson Street • Phoenix Arizona 85007 • (602) 542-5460 • [www.azed.gov](http://www.azed.gov)

# TABLE OF CONTENTS

---

	<u>Page</u>
<b>Introduction and background .....</b>	<b>1</b>
<b>Scope and methodology.....</b>	<b>3</b>
<b>Finding 1: The District did not accurately report some student data resulting in an overpayment of \$286,833.36 .....</b>	<b>4</b>
The District inaccurately reported some student data.....	4
The District failed to comply with statute and ADE guidelines .....	6
The District was overfunded by \$286,833.36.....	7
Recommendations .....	8
<b>Finding 2: The District did not accurately report some AOI data resulting in an underpayment of \$6,980.38 .....</b>	<b>9</b>
The District inaccurately reported some AOI data.....	9
The District must properly reconcile its enrollment data with ADE data .....	10
The District was underfunded by \$6,980.38.....	10
Recommendations .....	11
<b>Finding 3: The District did not properly maintain some student records as required by statute and guideline .....</b>	<b>12</b>
The District did not properly maintain student file documentation .....	12
Recommendation .....	13
<b>ADM and funding adjustments .....</b>	<b>14</b>

# TABLE OF CONTENTS (CONT'D)

---

	<u>Page</u>
<b>Tables:</b>	
1 Tucson Unified School District Total students, revenues and expenditures Fiscal years 2017, 2018 and 2019 (Unaudited) .....	2
2 Tucson Unified School District ADM adjustments due to enrollment data errors Fiscal years 2017, 2018 and 2019.....	6
3 Tucson Unified School District ADM and funding adjustments Fiscal years 2017, 2018 and 2019.....	7
4 Tucson Unified School District AOI ADM adjustments Fiscal years 2017, 2018 and 2019.....	10
5 Tucson Unified School District ADM and funding adjustments due to AOI data errors Fiscal years 2017, 2018 and 2019.....	11
6 Tucson Unified School District Student cumulative file documentation Fiscal years 2017, 2018 and 2019.....	13
7 Tucson Unified School District ADM and funding adjustments Fiscal years 2017, 2018 and 2019.....	14

# INTRODUCTION AND BACKGROUND

---

The Arizona Department of Education (ADE) Audit Unit has conducted an Average Daily Membership (ADM) audit of the Tucson Unified School District (District) pursuant to Arizona Revised Statutes (A.R.S.) § 15-239. This audit focused on whether the District properly reported enrollment data to ADE and received the correct amount of Basic State Aid for fiscal years (FY) 2017 through 2019.

***Average Daily Membership audits of district and charter holder funding***—Pursuant to A.R.S. § 15-239, ADE may conduct ADM audits, which help ensure the appropriate distribution of Basic State Aid provided annually to school districts and charter schools. School districts and charter schools receive Basic State Aid based on several factors related to student enrollment and attendance. To receive funding, school districts and charter schools report enrollment and attendance data to ADE. ADE processes that data, determines payment amounts according to the relevant statutory funding formulas and distributes payments to schools up to twelve times each year.

The ADM audit process determines whether payments were correct or if an adjustment is needed. The audit process compares the school district's or charter school's information reported to ADE's student data system to information found on the original records kept at the school. If auditors find that the school district's or charter school's reported information does not match the original documentation, the audit will calculate and report the funding adjustment needed to the school district's or charter school's Basic State Aid. These funding adjustments can be positive or negative, depending upon the audit findings. The audit findings are written and compiled into a report that is then issued to the audited entity.

***Superintendent's legal notice links the audit and appeals processes***—In addition to the report, the audited entity receives The Notice of Audit Findings and Required Reimbursement (Notice) that details the audit findings and determination of the Superintendent of Public Instruction (Superintendent) regarding adjustments to be made to the school district or charter school pursuant to A.R.S. § 15-915. The audited entity may appeal the Superintendent's decision in the Notice.

***Opportunity to appeal the audit***—A.R.S. § 41-1092.03 provides the audited school district or charter school that disagrees with the Superintendent's decision in the Notice with the opportunity to file a formal appeal within thirty (30) days after the report was issued. If an appeal is filed, the school district or charter school and ADE may reach agreement in an informal settlement conference. If an agreement is not reached at the informal settlement conference, the appeal will be adjudicated by the Office of Administrative Hearings.

***Funding adjustment process and timeframes***—When the Notice is finally settled or adjudicated, if ADE has determined that a school district or charter school received an incorrect amount of Basic State Aid, A.R.S. § 15-915 directs that corrections to schools' funding be made in the current budget year. In case of hardship, schools may request that the Superintendent

allow a correction to be made partly in the current budget year and partly in the following budget year.

In addition, ADE will adjust the District's budget capacity if required. ADE School Finance Memorandum 13-011 summarizes the budget capacity adjustment authorized by statute:

*A.R.S. §15-915, as amended by Laws 2012, Chapter 357, Section 3, requires the superintendent of public instruction, when it is determined that state aid or budget limits have been calculated in error, within the prior 3 years, to make corrections to budget limits and state aid in the current year. (Hardship application may be approved by the superintendent). Effective for audits initiated during 2013 and continuing in subsequent years, corrections for audit findings to both budget capacity and state aid (when applicable) will be made.*

**District information**—The District, located in Tucson, Arizona, offered instruction in grades Preschool through 12 during the fiscal years audited. The District operated 86 schools in the fiscal years audited. Table 1 presents the District's unaudited student, staffing and financial information for fiscal years 2017, 2018 and 2019.

**Table 1**

**Tucson Unified School District  
Total students, revenues and expenditures  
Fiscal years 2017, 2018 and 2019  
(Unaudited)**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Students enrolled</b>	<b>48,009</b>	<b>45,477</b>	<b>45,656</b>
<b>Number of teachers</b>	<b>2,529</b>	<b>2,560</b>	<b>2,453</b>
<b>Revenue</b>			
Local	\$ 203,820,260	\$ 205,941,601	\$ 204,360,921
Intermediate	\$ 12,876,806	\$ 12,452,655	\$ 12,775,192
State	\$ 165,050,067	\$ 170,538,396	\$ 177,237,022
Federal	\$ 69,940,913	\$ 70,803,532	\$ 66,431,040
<b>Total revenues</b>	<b>\$ 451,688,046</b>	<b>\$ 459,736,184</b>	<b>\$ 460,804,175</b>
<b>Total expenditures</b>	<b>\$ 456,206,633</b>	<b>\$ 455,077,245</b>	<b>\$ 463,782,104</b>

Source: Annual Report of the Arizona Superintendent of Public Instruction for fiscal years 2017, 2018 and 2019.

## SCOPE AND METHODOLOGY

---

The audit focused on whether the District accurately reported its data to ADE and received the correct amount of Basic State Aid in accordance with statutes, the Uniform System of Financial Records for Arizona School Districts (USFR) and its own policies and procedures for fiscal years 2017, 2018 and 2019.

To conduct this audit, auditors used a variety of methods, including examining District and ADE records to review 3,911 of 148,464 students over the three fiscal years audited. Adjustments to ADM are based solely on those identified students that the auditors evaluated further and are not extrapolated to create findings for the entire student population. Auditors also reviewed state statutes and District policies and procedures, and interviewed District management and staff. Specifically:

- **Enrollment data** – Auditors reviewed student schedules, enrollment histories and attendance data to determine if the enrollment data reported to ADE was correct. Auditors compared the enrollment dates and full-time enrollment (FTE) to determine if an adjustment was necessary. Auditors also reviewed absences to ensure that they were reported correctly and made adjustments if they were needed.
- **AOI data** – Auditors compared 100% of the Arizona Online Instruction data that was reported to ADE to the AOI data from the District. Auditors reviewed instructional time reported as well as the full or part time status that was reported for each student. When the data reported to ADE was incorrect, an adjustment was determined.
- **Student files** – Auditors reviewed student files to ensure that they maintained required documentation such as birth certificates, immunization records, and supporting residency documentation. Auditors identified files that did not contain all the documentation that was required to be kept in them by statute and ADE guidelines.
- **Instructional hours** – Auditors reviewed the high school bell schedules and calendars for the District for fiscal years 2017, 2018 and 2019. The total instructional hours for grades 9 through 12 met the minimum required by statute for each of the three fiscal years audited.
- **SPED data** – Auditors determined whether an adjusted student had also been funded for a special education (SPED) category. When students with a special education category had an adjustment, auditors made an adjustment to the special education weight as well.
- **Limiting** – Auditors reviewed the total ADM for each enrolled student to ensure that they were appropriately limited by ADE's system. No adjustments were identified.

The Audit Unit expresses its appreciation to the District's administration and staff members for their cooperation and assistance during the course of the audit.



# **FINDING 1: THE DISTRICT DID NOT ACCURATELY REPORT SOME STUDENT DATA RESULTING IN AN OVERPAYMENT OF \$286,833.36**

---

Auditors determined that the District inaccurately reported the student data for 250 students for fiscal years 2017, 2018 and 2019. Specifically, auditors found that 70 students had an incorrectly reported FTE, 65 students had a non-fundable interval due to 10 or more consecutive absences, 53 preschool students were reported incorrectly due to an incorrect calendar, 29 students had insufficient homebound instruction or did not have homebound medical certification, 19 students had incorrect enrollment dates, 10 students did not attend, three students were reported and funded twice, and one student received funding but was not fundable. In addition, 58 of these students that had data reported incorrectly were also funded with a SPED category. As a result of these errors, the District's ADM was overreported by 68.25. As a result, the District was overfunded by \$286,833.36 in Basic State Aid. According to A.R.S. § 15-915, ADE needs to recover these monies from the District.

## **The District inaccurately reported some student data**

The District inaccurately reported 250 students' enrollment data to ADE, which resulted in the District's ADM being overstated by 68.25.

According to A.R.S. § 15-901, for a high school student to be reported as a 1.0 FTE, the student must be enrolled in at least four subjects which meet at least 123 hours annually each and total at least 720 instructional hours for the year. A student who does not meet these requirements is considered a part-time student and their FTE status must be reduced based on the number of actual instructional hours provided and courses enrolled<sup>1</sup>. In addition, according to ADE External Guideline and Procedures GE-17 and A.R.S. § 15-901, with the exception of pre-enrolled students, the enrollment dates for a student are the first day of actual attendance and the last day of actual attendance or excused absence. A.R.S. § 15-901 also states homebound students must have medical certification and must receive at least 4 hours of instruction per week to be considered full-time. Finally, A.R.S. § 15-901 states that a student with 10 consecutive unexcused absences must be withdrawn and beginning in FY2019, School Finance Manual (G) states that students who have reached the 10% threshold for cumulative absences (excused and

---

<sup>1</sup> Pursuant to A.R.S. § 15-901, a full time student (1.0 FTE) in grades 9 through 12 must be scheduled for and attending at least 720 hours of instruction and at least four subjects each of which meets for at least 123 hours annually; a 0.75 FTE student must be scheduled for at least 540 hours of instruction and at least three subjects each of which meets for at least 123 hours annually, a 0.50 FTE student must be scheduled for at least 360 hours of instruction and at least two subjects each of which meets for at least 123 hours annually and a 0.25 FTE student must be scheduled for at least 180 hours of instruction and at least one subject which meets for at least 123 hours annually.

unexcused) based on the number of instructional calendar days at their school and incur 10 or more consecutive absences will generate non-fundable ADM intervals.. However, the District did not always adhere to these requirements. Specifically, for the students that were sampled:

- 70 students had an incorrect FTE reported. As a result, the ADM for the District was overreported by 7.25.
- 65 students had over 10 consecutive absences which generated a non-fundable ADM interval. As a result, the ADM for the District was overreported by 14.62.
- 53 students were reported with incorrect membership days due to an incorrect preschool calendar. As a result, the ADM for the District was underreported by 1.28.
- 29 students did not receive sufficient homebound instruction or did not have medical certification. As a result, the ADM for the District was overreported by 16.26.
- 19 students were reported with incorrect enrollment dates. As a result, the ADM for the District was overreported by 1.52.
- 10 students were reported and funded for attending but did not actually attend the District. As a result, the ADM for the District was overreported by 0.39.
- 3 students were reported to ADE with two State ID's and received funding twice for the same enrollment. As a result, the ADM for the District was overreported by 3.00.
- 1 student was ineligible for funding as a foreign exchange student but received funding for part of the enrollment. As a result, the ADM for the District was overreported by 0.29.
- 58 of the students that had data reported incorrectly were also funded with a SPED category. As a result, the weighted SPED ADM for the District was overreported by 26.20.

As shown in Table 2 (see page 6), data reporting errors resulted in an ADM overstatement of 68.25 for the three fiscal years audited.

**Table 2**

**Tucson Unified School District  
ADM adjustments due to enrollment data errors  
Fiscal years 2017, 2018 and 2019**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
FTE	(1.57)	1.95	6.87	7.25
Absences	1.30	0.44	12.88	14.62
Preschool calendar	(0.22)	(0.67)	(0.39)	(1.28)
Homebound	2.42	2.48	11.36	16.26
Enrollment dates	(0.14)	0.84	0.82	1.52
Did not attend	0.06	0.29	0.04	0.39
Duplicated	-	-	3.00	3.00
Not fundable	-	-	0.29	0.29
Weighted SPED	4.13	2.63	19.44	26.20
<b>Total</b>	<b>5.98</b>	<b>7.96</b>	<b>54.31</b>	<b>68.25</b>

Source: Auditor analysis of District records, ADE data for fiscal years 2017, 2018 and 2019.

### **The District failed to comply with statute and ADE guidelines**

The District did not follow statute and ADE guidelines when calculating and reporting student FTE or enrollment data.

Auditors determined that 70 of the District's students were not reported with the appropriate full-time enrollment (FTE). The FTE that was reported for the students was not correct based on the annual instructional hours or the number of courses the students were enrolled in. As a result, the District misreported the FTE for 70 students.

Additionally, the District misreported the enrollment data of 98 students. According to A.R.S. § 15-901, the enrollment dates for a student are the first day of actual attendance and the last day of actual attendance or excused absence and a student with 10 consecutive unexcused absences must be withdrawn. In addition, beginning in FY2019, School Finance Manual (G) states that students who have reached the 10% threshold for cumulative absences (excused and unexcused) based on the number of instructional calendar days at their school and incur 10 or more consecutive absences will generate non-fundable ADM intervals. 65 students had over 10 consecutive absences that should have been withdrawn or generated a non-fundable interval, 19 students had enrollment dates reported incorrectly, 10 students were reported to ADE that did not attend, three students were reported and funded twice for an enrollment, and one student was not correctly reported as a foreign exchange student for part of their enrollment.

Furthermore, the District misreported the school days for preschool students. The calendar reported five days of attendance per week, but the preschool was in session only 4 days per

week. This changed the 100<sup>th</sup> day for these students, which affected the fundable membership days for some students.

The District also misreported 29 students as being homebound. According to ARS § 15-901, a homebound student must be certified by a medical doctor as being unable to attend regular classes for a period of not less than three school months during a school year. A homebound student can be counted as in attendance for each day in a week where at least four hours of instruction were provided. However, the District incorrectly reported the 29 students as being homebound without the proper certification or did not provide at least four hours of instruction. The District has developed a new homebound reporting system in 2021 to track and log homebound information and instructional hours.

In the future, the District must ensure it complies with statute and ADE guidelines to properly calculate and report FTE, report student enrollments and calendars, homebound students.

### **The District was overfunded by \$286,833.36**

Auditors determined that the District did not receive the correct amount of Basic State Aid due to the inaccurate student data reported to ADE for fiscal years 2017, 2018 and 2019. The student data incorrectly reported by the District resulted in its ADM being overstated by 68.25. However, due to the change in funding from prior year to current year, fiscal year 2017 was funded on fiscal year 2016 ADM and did not impact basic state aid with the exception of fiscal year 2018 District Additional Assistance. As a result, the District was overfunded by \$286,833.36, as shown in Table 3, which ADE must recoup from the District pursuant to A.R.S. § 15-915.

**Table 3**

**Tucson Unified School District  
ADM and funding adjustments  
Fiscal years 2017, 2018 and 2019**

	<b>ADM Adjustment</b>	<b>Total</b>
2017	5.98	\$ -
2018	7.96	\$ 35,173.15
2019	54.31	\$ 251,660.21
<b>Total</b>	<b>68.25</b>	<b>\$ 286,833.36</b>

Source: Auditor analysis of District and ADE records for fiscal years 2017, 2018 and 2019.

**Recommendations:**

1. The District must repay to ADE \$286,833.36 in Basic State Aid due to incorrectly reported student data.
2. The District must ensure that it properly calculates and reports calendars and student FTE and enrollments pursuant to statute and ADE guidelines.
3. The District must ensure that homebound instruction meets statutory requirements.
4. The District must reconcile to ensure that enrollment data is reported accurately pursuant to A.R.S. § 15-901.

## **FINDING 2: THE DISTRICT DID NOT ACCURATELY REPORT SOME AOI DATA RESULTING IN AN UNDERPAYMENT OF \$6,980.38**

---

The District did not accurately report enrollment data for 763 of its AOI students to ADE for fiscal years 2017, 2018 and 2019. Specifically, auditors found that 422 students had been reported as full time but were part time, 160 students had been reported as part time but were full time, 137 students were reported with incorrect minutes and 44 students were reported but did not attend. In addition, 2 of these students that had data reported incorrectly were also funded with a SPED category. As a result, the District's weighted AOI ADM was overstated by 0.44. This led to the District being underfunded by \$6,980.38 which ADE must pay to the District according to A.R.S. § 15-915.

### **The District inaccurately reported some AOI data**

Auditors determined that student data for 763 of its AOI students was inaccurate, which resulted in the District's weighted AOI ADM being overstated by 0.44 for fiscal years 2017, 2018 and 2019. According to A.R.S. § 15-808, AOI ADM is based on the number of minutes a student participates in the AOI during the year. In addition, SF-0003 states that full time AOI students must enroll in and participate in four or more classes during the year. If a student is enrolled in fewer than four classes, they should be reported as part time. However, the District did not always meet these requirements as follows:

- 422 students were incorrectly reported as full time and should have been reported as part time.
- 160 students were incorrectly reported as part time and should have been reported as full time.
- 137 students were reported with incorrect minutes.
- 44 students were reported to ADE, but documentation showed they did not actually attend the District.
- 2 of the students that had data reported incorrectly were also funded with a SPED category.

As shown in Table 4, AOI data reporting errors resulted in a net weighted ADM overstatement of 0.44 for fiscal years 2017, 2018 and 2019.

**Table 4**

**Tucson Unified School District  
AOI ADM adjustments  
Fiscal years 2017, 2018 and 2019**

<b>Adjustments</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
Full time	(0.81)	9.83	(11.70)	(2.68)
Part time	2.63	(7.27)	7.59	2.95
Weighted SPED	-	0.17	-	0.17
<b>Total</b>	<b>1.82</b>	<b>2.73</b>	<b>(4.11)</b>	<b>0.44</b>

Source: Auditor analysis of District records and ADE data for fiscal years 2017, 2018 and 2019.

**The District must properly reconcile its enrollment data with ADE data**

The District can likely avoid errors in the future by ensuring it regularly and correctly reconciles its data to the data contained in ADE’s System. The District should review its reconciliation practices to ensure that its staff properly review the reports produced by ADE and reconcile them to the District’s AOI SMS data to identify any discrepancies that would affect funding and correct any errors identified. In addition, the District should review the requirements for reporting FTE in SF-0003. The District must comply with the requirements of A.R.S. § 15-808 and SF-0003 when calculating and reporting AOI students.

**The District was underfunded by \$6,980.38**

Auditors determined that the District did not receive the correct amount of Basic State Aid due to the inaccurate AOI student data reported to ADE for the fiscal years audited. The student data incorrectly reported by the District resulted in its ADM being overstated by 0.44. However, due to the change in funding from prior year to current year, fiscal year 2017 was funded on fiscal year 2016 ADM and did not impact basic state aid with the exception of fiscal year 2018 District Additional Assistance. As a result, as shown in Table 5 (see page 11), the District was underfunded by \$6,980.38 in Basic State Aid for the three fiscal years audited, which ADE must pay to the District pursuant to A.R.S. § 15-915.

**Table 5**

**Tucson Unified School District  
ADM and funding adjustments due to AOI data errors  
Fiscal years 2017, 2018 and 2019**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
ADM	1.82	2.73	(4.11)	0.44
<b>Total funding adjustments</b>	<b>\$ -</b>	<b>\$ 12,070.65</b>	<b>\$ (19,051.03)</b>	<b>\$ (6,980.38)</b>

Source: Auditor analysis of District records, A.R.S. § 15-901.

**Recommendations:**

1. ADE must pay to the District \$6,980.38 in Basic State Aid for the fiscal years audited for incorrect AOI enrollment data.
2. The District must comply with the requirements of A.R.S. § 15-808 and SF-0003 when calculating and reporting AOI students.



## **FINDING 3: THE DISTRICT DID NOT PROPERLY MAINTAIN SOME STUDENT RECORDS AS REQUIRED BY STATUTE AND GUIDELINE**

---

Auditors determined that the District failed to properly maintain residency, birth certificate and immunization documentation for some students as required by statute and ADE guidelines. The District did not properly maintain required documentation in some of its student cumulative files. In the future, the District should properly maintain these documents to ensure compliance with statute and ADE guidelines.

### **The District did not properly maintain student file documentation**

Auditors determined that the District failed to maintain residency documentation for some students as required by statute and ADE guidelines. According to A.R.S. § 15-802 and the ADE Arizona Residency Guideline, school districts and charter schools are required to maintain verifiable documentation of Arizona residency in the student's cumulative file. This documentation must be provided each time a student enrolls in a school district or charter school and reaffirmed during the annual registration process. The ADE Arizona Residency Guideline identifies an approved list of options a parent or legal guardian may provide to the school district or charter school to meet these requirements.

Auditors also determined that the District failed to maintain birth certificate documentation for some students as required by statute. According to A.R.S. § 15-828, a photocopy of the student's birth certificate or other reliable proof of the student's identity and age must be placed in the student's file.

In addition, auditors determined that the District failed to maintain immunization documentation for some students as required by statute. According to A.R.S. § 15-872, "A pupil shall not be allowed to attend school without submitting documentary proof to the school administrator unless the pupil is exempted from immunization pursuant to section 15-873."

The District did not maintain the proper documentation required by statute and ADE's residency guideline for some students. Of the 300 students sampled, 67 of the student files did not have the proper residency documentation, 42 did not have residency reaffirmed annually, six did not have a birth certificate in their file and four did not have immunization record documentation. Table 6 (see page 13) lists the student file documentation maintained by the District for fiscal years 2017, 2018 and 2019.

**Table 6**

**Tucson Unified School District  
Student cumulative file documentation  
Fiscal years 2017, 2018 and 2019**

	<b>Total sampled</b>	<b>Missing residency documentation</b>	<b>Missing reaffirmation</b>	<b>Missing birth certificate</b>	<b>Missing immunization</b>
2017	100	28	18	1	1
2018	100	22	16	3	1
2019	100	17	8	2	2
<b>Total</b>	<b>300</b>	<b>67</b>	<b>42</b>	<b>6</b>	<b>4</b>

Source: Auditor analysis of District records for fiscal years 2017, 2018 and 2019.

In the future, the District must ensure that it complies with statute by collecting and maintaining in each student's cumulative file copies of verifiable residency, birth certificate documentation and immunization documentation as required by law.

**Recommendation:**

1. The District must comply with statute and collect and maintain in each student's cumulative file copies of verifiable residency, birth certificate and immunization documentation as required by law.

## ADM AND FUNDING ADJUSTMENTS

A.R.S. § 15-915 requires that ADE makes corrections for audit findings to both budget capacity and state aid. ADE's School Finance Unit's Memo 13-011 informs LEAs of these statutory requirements:

*A.R.S. §15-915, as amended by Laws 2012, Chapter 357, Section 3, requires the superintendent of public instruction, when it is determined that state aid or budget limits have been calculated in error, within the prior 3 years, to make corrections to budget limits and state aid in the current year. (Hardship application may be approved by the superintendent). Effective for audits initiated during 2013 and continuing in subsequent years, corrections for audit findings to both budget capacity and state aid (when applicable) will be made.*

**Budget capacity adjustment required**—The District must adjust its budget capacity for the three fiscal years audited. Budget capacity adjustment calculations for the District will be made by ADE once the audit is finalized.

**Basic State Aid adjustment of \$279,852.98 required to be paid to ADE**—Auditors identified an overall funding adjustment of \$279,852.98 for the three fiscal years audited due to inaccurate student enrollment and AOI data.

Table 7 lists the ADM adjustments and the associated Basic State Aid adjustments for the District for the three fiscal years audited.

**Table 7**

**Tucson Unified School District  
ADM and funding adjustments  
Fiscal years 2017, 2018 and 2019**

	2017		2018		2019		Total
	ADM	Funding	ADM	Funding	ADM	Funding	
Inaccurate enrollment data	5.98	\$ -	7.96	\$ 35,173.15	54.31	\$ 251,660.21	\$286,833.36
AOI	1.82	\$ -	2.73	\$ 12,070.65	(4.11)	\$ (19,051.03)	\$ (6,980.38)
<b>Total funding adjustment</b>	<b>7.80</b>	<b>\$ -</b>	<b>10.69</b>	<b>\$ 47,243.80</b>	<b>50.20</b>	<b>\$ 232,609.18</b>	<b>\$279,852.98</b>

Source: Auditor analysis of ADE and District student and financial data for fiscal years 2017, 2018 and 2019.