



## Arizona Department of Education

The Audit Unit

1535 W. Jefferson St., Bin 19

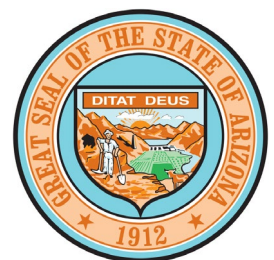
Phoenix, Arizona 85007

602-364-4036

# Average Daily Membership Audit Report Coconino Association for Vocations, Industry and Technology

Report Number—22-32

March 29, 2022



**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

March 29, 2022

Dr. Brent Neilson, Superintendent  
Coconino Association for Vocations, Industry and Technology  
19 Poplar Street,  
Page AZ 86040

Dear Superintendent Neilson:

The Arizona Department of Education Audit Unit has conducted an audit of the Coconino Association for Vocations, Industry and Technology (District) Average Daily Membership (ADM) for Fiscal Years 2019, 2020 and 2021. 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 34 students, which resulted in its ADM being overstated by 1.26. Furthermore, the District was adjusted for an inaccurate percentage of distance learning that took place in Fiscal Year 2021. As a result, the District was underfunded by \$64,708.78 which ADE must pay to the District.

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 \$7,524.53 .....</b>	<b>4</b>
The District inaccurately reported some student data.....	4
The District failed to comply with statute and ADE guidelines .....	5
The District was overfunded by \$7,524.53 .....	6
Recommendations .....	6
<b>Finding 2: The percentage of distance learning reported for FY2021 was inaccurate, resulting in an underpayment of \$72,233.31 ..</b>	<b>7</b>
The District was adjusted for an inaccurate percentage of distance learning....	7
Recommendations .....	8
<b>ADM and funding adjustments .....</b>	<b>9</b>

# TABLE OF CONTENTS (CONT'D)

---

	<u>Page</u>
<b>Tables:</b>	
1 Coconino Association for Vocations, Industry and Technology Total students, revenues and expenditures Fiscal years 2019, 2020 and 2021 (Unaudited) .....	2
2 Coconino Association for Vocations, Industry and Technology ADM adjustments due to enrollment data errors Fiscal years 2019, 2020 and 2021 .....	5
3 Coconino Association for Vocations, Industry and Technology ADM and funding adjustments Fiscal years 2019, 2020 and 2021 .....	6
4 Coconino Association for Vocations, Industry and Technology Funding understatement due to inaccurate percentage of distance learning adjusted Fiscal year 2021 .....	8
5 Coconino Association for Vocations, Industry and Technology ADM and funding adjustments Fiscal years 2019, 2020 and 2021 .....	9

# INTRODUCTION AND BACKGROUND

---

The Arizona Department of Education (ADE) Audit Unit has conducted an Average Daily Membership (ADM) audit of the Coconino Association for Vocations, Industry and Technology (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) 2019 through 2021.

**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 FY2013 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 Page, Arizona, offered instruction in grades 9 through 12 during FY2019, FY2020 and FY2021. The District operated three central campuses and seven satellite campuses in FY2019 and two central campuses and six satellite campuses in FY2020 and FY2021. Table 1 presents the District’s unaudited student, staffing and financial information for FY2019, FY2020 and FY2021.

**Table 1**

**Coconino Association for Vocations, Industry and Technology  
Total students, revenues and expenditures  
Fiscal years 2019, 2020 and 2021  
(Unaudited)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Revenue</b>			
Local	\$ 817,521	\$ 871,056	\$ 886,196
Intermediate	\$ 423,570	\$ 489,703	\$ 316,831
State	\$ 1,490,088	\$ 1,810,178	\$ 851,900
Federal	\$ 2,276	\$ 2,216	\$ 216,206
<b>Total revenues</b>	<b>\$ 2,733,455</b>	<b>\$ 3,173,153</b>	<b>\$ 2,271,133</b>
<b>Total expenditures</b>	<b>\$ 1,994,831</b>	<b>\$ 2,471,845</b>	<b>\$ 1,889,924</b>

Source: Annual Report of the Arizona Superintendent of Public Instruction for FY2019, FY2020 and FY2021.

## 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 FY2019, FY2020 and FY2021.

To conduct this audit, auditors used a variety of methods, including examining District and ADE records to review 473 of 5,973 students over FY2019, FY2020 and FY2021. 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 entry and exit dates 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.
- **FTE calculations** – Auditors reviewed the bell schedules and student schedules to determine whether the District reported the correct full-time enrollment (FTE) data to ADE. Auditors calculated the FTE based on the classes and time a student was enrolled in the District and compared the FTE to what was reported to ADE. When the FTE was incorrect, auditors made an adjustment.
- **Distance Learning Plans** – Auditors reviewed the Distance Learning Plans (DLP) for FY2021 that were used to provide education to students. In addition, auditors reviewed the percentage of learning that was distance learning or in person to determine if this was reported correctly. When the data reported to ADE was incorrect, an adjustment was determined.
- **Calendars** – Auditors reviewed District calendars to determine if the enrollment days reported to ADE were correct. No findings were identified for this area.
- **Limiting** – Auditors reviewed the total ADM for each enrolled student to ensure that they were appropriately limited by ADE's system. No findings were identified for this area.

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 \$7,524.53**

---

Auditors determined that the District inaccurately reported the student data for 34 students for FY2019, FY2020 and FY2021. Specifically, auditors found that 16 students were reported with incorrect enrollment dates, 13 students had 10 consecutive unexcused absences and should have been withdrawn, two students had excessive absences which resulted in a non-fundable period, two students were reported as attended but did not actually attend the District, and one student had an incorrect FTE reported. As a result of these errors, the District's ADM was overreported by 1.26. In total, the District was overfunded by \$7,524.53 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 34 students' enrollment data to ADE, which resulted in the District's ADM being overstated by 1.26.

According to A.R.S. § 15-393, FTE for students in Career and Technical Education District (CTED) programs/courses offered on CTED centralized campuses shall be reported with an FTE of 0.25 for each course offered for fewer than 150 minutes per course. 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. 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 or 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:

- 16 students were reported with incorrect enrollment dates. As a result, the ADM for the District was overreported by 0.43.
- 13 students had 10 consecutive unexcused absences and should have been withdrawn. As a result, the ADM for the District was overreported by 0.58.
- 2 students had excessive absences which resulted in a non-fundable period. As a result, the ADM for the District was overreported by 0.08.

- 2 students were reported as attended but did not actually attend the District. As a result, the ADM for the District was overreported by 0.05
- 1 student had an incorrect FTE reported. As a result, the ADM for the District was overreported by 0.12.

As shown in Table 2, data reporting errors resulted in an ADM overstatement of 1.26 for FY2019, FY2020 and FY2021.

**Table 2**

**Coconino Association for Vocations, Industry and Technology  
ADM adjustments due to enrollment data errors  
Fiscal years 2019, 2020 and 2021**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Incorrect FTE	-	0.12	-	0.12
Incorrect enrollment dates	0.03	0.14	0.26	0.43
10 day absence	0.05	-	0.53	0.58
Excessive absence	-	0.08	-	0.08
Did not attend	-	0.05	0.00	0.05
<b>Total</b>	<b>0.08</b>	<b>0.39</b>	<b>0.79</b>	<b>1.26</b>

Source: Auditor analysis of District records, ADE data for FY2019, FY2020 and FY2021.

**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 student enrollment data.

Auditors determined that one of the District’s students was not reported with the correct FTE according to statutory and ADE guideline requirements for full time enrollment (FTE). According to A.R.S. § 15-393, student FTE should be reported as 0.25 for each course that met for fewer than 150 minutes. However, the FTE that was reported for this student was not correct based on the number of courses the student was enrolled in. As a result, the District overreported the FTE for one student.

Additionally, the District misreported the enrollment data of 33 students. According to ARS § 15-901 and ADE guidelines, ADM is based on the first 100 days and the first day of membership for continuing or pre-enrolled students, shall be defined as either the first day a student physically attends school or the first day that classroom instruction is offered, provided that such students physically attend school within the first ten school days. For all other students, the first day of membership shall be defined as the first day a student physically attends school. The District incorrectly reported enrollment dates for 16 students, 13 students had 10 consecutive unexcused absences and should have been withdrawn, two students had excessive absences

which resulted in a non-fundable period, and two students were reported as attended but did not actually attend the District.

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

### **The District was overfunded by \$7,524.53**

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 FY2019, FY2020 and FY2021. The student data incorrectly reported by the District resulted in its ADM being overstated by 1.26. As shown in Table 3, the District was overfunded by \$7,524.53 in Basic State Aid for FY2019, FY2020 and FY2021 which ADE must recoup from the District pursuant to A.R.S. § 15-915.

**Table 3**

**Coconino Association for Vocations,  
Industry and Technology  
ADM and funding adjustments  
Fiscal years 2019, 2020 and 2021**

	<b>ADM adjustment</b>	<b>Total</b>
2019	0.08	\$423.73
2020	0.39	\$2,190.78
2021	0.79	\$4,910.02
<b>Total</b>	<b>1.26</b>	<b>\$7,524.53</b>

Source: Auditor analysis of District and ADE records for FY2019, FY2020 and FY2021.

### **Recommendations:**

1. ADE must recoup from the District \$7,524.53 in Basic State Aid due to incorrectly reported student data.
2. The District must ensure that it properly calculates and reports student FTE pursuant to statute and ADE guidelines.
3. The District must reconcile to ensure that enrollment data is reported accurately pursuant to A.R.S. § 15-901.
4. The District should ensure that students with 10 consecutive unexcused absences are properly withdrawn and that excused and unexcused absences be reported correctly.

## **FINDING 2: THE PERCENTAGE OF DISTANCE LEARNING REPORTED FOR FY2021 WAS INACCURATE, RESULTING IN AN UNDERPAYMENT OF \$72,233.31**

---

Auditors determined that the District was not adjusted for an accurate percentage of distance learning that took place in FY2021. As a result, the District was underpaid \$72,233.31 in Basic State Aid. Pursuant to A.R.S. § 15-915, ADE must repay these monies to the District, and in the future the District should ensure that data reported to ADE is accurate.

### **The District was adjusted for an inaccurate percentage of distance learning**

Due to Executive Order 2020-44 in FY2021, education could be provided to students in a distance learning setting, with the funding being provided during this time similar to an AOI. To apply this funding, a financial adjustment was made to each school district and charter school for this year. The financial adjustment was applied based on the percentage of total instructional time the students participated in distance learning for the year reported by the District. The financial adjustment was a reduction to Base Support Level funding made in the amount of 5% for full-time students and 15% for part-time students.

The percentage of distance learning adjusted for the District for FY2021 was incorrect. The District's distance learning percentage adjustment was based on students participating in distance learning for 90.5% of the total instructional time. However, the District had calculated that the students actually participated in distance learning for approximately 66% of the time.

As a result of an inaccurate percentage of distance learning adjusted during the fiscal year audited, the District was underpaid Basic State Aid. In total, the District was underfunded by \$72,233.31 in Basic State Aid as shown in Table 4 (see page 8).

**Table 4**

**Coconino Association for Vocations, Industry and Technology  
Funding understatement due to inaccurate  
percentage of distance learning adjusted  
Fiscal year 2021**

	<b>2021</b>
Total weighted non-AOI ADM	454.177
Base amount	4,305.73
Percentage distance learning	66.03%
Audited reduction amount	\$193,234.82
Actual reduction made	\$265,468.13
<b>Total financial adjustment</b>	<b>\$(72,233.31)</b>

Source: Auditor analysis of ADE and District student data for fiscal year 2021.

**Recommendations:**

1. ADE must repay to the District \$72,233.31 in Basic State Aid due to incorrectly adjusted distance learning percentage.
2. The District should review data for students in the future to ensure that it is reported accurately.

# 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 \$64,708.78 required to be paid by ADE**—Auditors identified an overall funding adjustment of \$64,708.78 for the three fiscal years audited due to inaccurate student enrollment and an inaccurate distance learning percentage adjusted.

Table 5 lists the ADM adjustments and the associated Basic State Aid adjustments for the District for FY2019, FY2020 and FY2021.

**Table 5**

**Coconino Association for Vocations, Industry and Technology  
ADM and funding adjustments  
Fiscal years 2019, 2020 and 2021**

	2019		2020		2021		Total	
	ADM	Funding	ADM	Funding	ADM	Funding	ADM	Funding
Inaccurate enrollment data	0.08	\$423.73	0.39	\$2,190.78	0.79	\$4,910.02	1.26	\$7,524.53
Inaccurate distance learning percentage	-	-	-	-	-	\$(72,233.31)	-	\$(72,233.31)
<b>Total funding adjustment</b>	<b>0.08</b>	<b>\$423.73</b>	<b>0.39</b>	<b>\$2,190.78</b>	<b>0.79</b>	<b>\$(67,323.29)</b>	<b>1.26</b>	<b>\$(64,708.78)</b>

Source: Auditor analysis of ADE and District student and financial data for FY2019, FY2020 and FY2021.