



# Arizona Department of Education

The Audit Unit

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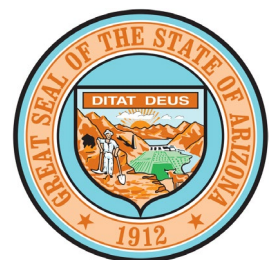
Phoenix, Arizona 85007

602-364-4036

## Average Daily Membership Audit Report Marana Unified School District Fiscal Years 2020, 2021 and 2022

Report Number—24-12

October 31, 2023



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## Arizona Department of Education Audit Unit

October 31, 2023

Dr. Dan Streeter, Superintendent  
Marana Unified School District  
11279 W. Grier Rd., Suite 106  
Marana, AZ 85653

Dear Superintendent Streeter:

The Arizona Department of Education Audit Unit has conducted an audit of the Marana Unified School District (District) Average Daily Membership (ADM) for Fiscal Years 2020, 2021 and 2022. 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 548 students, which resulted in its ADM being overstated by 106.50. Additionally, auditors determined that the District incorrectly reported AOI data for 250 students, which resulted in its ADM being understated by 10.26. As a result, the District was overfunded by \$508,696.38 which the District must repay to ADE. Furthermore, 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,

Angel Santiago  
Chief Auditor

**Tom Horne, Superintendent of Public Instruction**

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# INTRODUCTION AND BACKGROUND

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The Arizona Department of Education (ADE) Audit Unit has conducted an Average Daily Membership (ADM) audit of the Marana 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) 2020 through 2022.

***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 those 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 Marana, Arizona, offered instruction in grades KG through 12 during the fiscal years audited. They operated three high schools, two middle schools, and 12 elementary schools. Table 1 presents the District’s unaudited student, staffing and financial information for FY2020, FY2021 and FY2022.

**Table 1**

**Marana Unified School District  
Total students, revenues and expenditures  
Fiscal years 2020, 2021 and 2022  
(Unaudited)**

	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Students Enrolled</b>	<b>12,787</b>	<b>12,348</b>	<b>12,650</b>
<b>Number of Teachers</b>	<b>688</b>	<b>720</b>	<b>770</b>
<b>Revenue</b>			
Local	\$ 51,965,078	\$ 51,823,593	\$ 59,351,771
Intermediate	\$ 3,959,738	\$ 4,052,715	\$ 4,621,898
State	\$ 59,972,102	\$ 60,131,795	\$ 65,903,642
Federal	\$ 10,094,098	\$ 16,758,938	\$ 21,796,080
<b>Total Revenues</b>	<b><u>\$ 125,991,016</u></b>	<b><u>\$ 132,767,042</u></b>	<b><u>\$ 151,673,391</u></b>
<b>Total Expenditures</b>	<b><u>\$ 144,251,765</u></b>	<b><u>\$ 133,043,407</u></b>	<b><u>\$ 144,025,852</u></b>

Source: Annual Report of the Arizona Superintendent of Public Instruction for FY2020, FY2021 and FY2022.

## SCOPE AND METHODOLOGY

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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 FY2020, FY2021 and FY2022.

To conduct this audit, auditors used a variety of methods, including examining District and ADE records to review 4,002 of 40,016 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 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.
- **AOI data** – Auditors compared 100% of the Arizona Online Instruction data that was reported to ADE to the AOI data from the School. 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 bell schedules and calendars for the District for FY2020, FY2021 and FY2022. The total instructional hours offered for each grade met the minimum required by statute for each of the three fiscal years audited.



- ***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. No findings were identified for this area.
- ***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 also 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 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 \$554,585.09**

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Auditors determined that the District inaccurately reported the student data for 548 students for FY2020, FY2021 and FY2022. Specifically, auditors found that 191 students had an incorrectly reported FTE, 112 preschool students were reported with an incorrect 100<sup>th</sup> day due to an improperly reported calendar, 98 students were reported with incorrect enrollment dates, 59 students had 10 or more consecutive unexcused absences that were not properly withdrawn, 35 preschool students were not eligible for funding, 26 students had not attended the District, 21 students were not eligible for funding under homebound, three students had excessive absences, two students were reported but were not funded due to an integrity error that was not reviewed and cleared and one student attended but was not reported. In addition, 103 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 106.50. As a result, the District was overfunded by \$554,585.09 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 548 students' enrollment data to ADE, which resulted in the District's ADM being overstated by 106.50.

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. Additionally, A.R.S. § 15-901 requires that ADM be calculated on the first 100

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<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.

days of the school year, which must be reported accurately to ensure proper funding. Finally, A.R.S. § 15- 901 states that a student with 10 consecutive unexcused absences must be withdrawn, and 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:

- 191 students had an incorrect FTE reported. As a result, the ADM for the District was overreported by 33.19.
- 112 students were reported with an incorrect calendar, which resulted in ADM being calculated on the incorrect 100<sup>th</sup> day. As a result, the ADM for the District was underreported by 4.60.
- 98 students were reported with incorrect enrollment dates. As a result, the ADM for the District was overreported by 9.68.
- 59 students had 10 consecutive unexcused absences and should have been withdrawn. As a result, the ADM for the District was overreported by 10.48.
- 35 preschool students were reported; however, they were not eligible for funding. As a result, the ADM for the District was overreported by 9.50.
- 26 students were reported as attended but did not actually attend the District. As a result, the ADM for the District was overreported by 3.83.
- 21 students did not receive sufficient homebound instruction or did not have medical certification. As a result, the ADM for the District was overreported by 9.94.
- 3 students had excessive absences which resulted in a non-fundable period. As a result, the ADM for the District was overreported by 0.41.
- 2 students were reported but were not funded due to an integrity error that was not reviewed and cleared by the District. As a result, the ADM for the District was underreported by 1.15.
- 1 student attended the District but was not reported and funded as being enrolled in the District. As a result, the ADM for the District was underreported by 1.00.
- 103 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 36.22.

As shown in Table 2 (see page 7), data reporting errors resulted in an ADM overstatement

of 106.50 for the three fiscal years audited.

**Table 2**

**Marana Unified School District  
ADM adjustments due to enrollment data errors  
Fiscal years 2020, 2021 and 2022**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Incorrect FTE	9.46	8.76	14.97	33.19
Preschool calendar	(1.04)	(3.56)	-	(4.60)
Incorrect enrollment dates	4.08	4.49	1.11	9.68
10 day absence	0.46	8.24	1.78	10.48
Preschool eligibility	0.19	8.81	0.50	9.50
Did not attend	1.09	1.97	0.77	3.83
Homebound	3.52	4.14	2.28	9.94
Excessive absence	0.41	-	-	0.41
Integrity error	(1.15)	-	-	(1.15)
Attended	(1.00)	-	-	(1.00)
SPED	12.25	16.42	7.55	36.22
<b>Total</b>	<b>28.27</b>	<b>49.27</b>	<b>28.96</b>	<b>106.50</b>

Source: Auditor analysis of District records, ADE data for FY2020, FY2021 and FY2022.

**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 191 of the District’s students did not meet the statutory and ADE guideline requirements for full time enrollment (FTE). The average daily membership of a full-time high school student shall be 1.0 if the student is enrolled in at least four subjects that meet at least seven hundred twenty hours for a one hundred eighty-day school year, or the equivalent instructional hours. According to A.R.S. § 15-101, a “subject” is defined as organized subject matter in which instruction is offered within a given period of time and for which credit toward promotion, graduation or certification is usually given. However, the FTE that was reported for 191 students was not correct based on the total hours or number of subjects the students were enrolled in. As a result, the District overreported the FTE for 191 students.

Additionally, the District misreported the enrollment data of 189 students. According to ARS § 15-901 and ADE guidelines, 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. Further, A.R.S. § 15- 901 states that a student with 10 consecutive unexcused absences must be withdrawn, and School Finance Manual (G) states that students who have reached the 10% threshold for cumulative absences and incur 10 or more consecutive absences will generate non-fundable ADM

intervals. The District incorrectly reported the entry/exit dates of 98 students, did not withdraw 59 students with 10 or more absences, 26 students were reported to ADE that did not attend, generated a non-fundable interval for three students, two students were reported but not funded due to a District error, and one student was not reported to ADE that had attended.

Furthermore, the District misreported the data for 147 preschool students. Per A.R.S. § 15-901, ADM is to be calculated on the first 100 days of the school year, which must be reported accurately to ensure proper funding. Auditors found that the calendars for 112 preschool students in FY2020 and FY2021 was reported for five days of attendance per week, but the preschool was actually in session only 3 days per week. This changed the 100<sup>th</sup> day for students enrolled in the preschool program, which affected the membership days for 112 students. Additionally, the District incorrectly claimed the enrollment of 35 preschool students. According to A.R.S. § 15-901, a preschool student must receive at least three hundred sixty minutes of instruction per week. However, 35 preschool students attended less than three hundred sixty minutes per week or only received IEP services and were not enrolled in a preschool program. Therefore, they did not qualify for funding.

The District also misreported 21 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 21 students as being homebound without the proper certification and did not provide at least four hours of instruction.

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

### **The District was overfunded by \$554,585.09**

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 FY2020, FY2021 and FY2022. The student data incorrectly reported by the District resulted in its ADM being overstated by 106.50. As a result, the District was overfunded by \$554,585.09 in Basic State Aid for the three fiscal years audited which ADE must recoup from the District pursuant to A.R.S. § 15-915.

**Table 3**

**Marana Unified School District  
ADM and funding adjustments  
Fiscal years 2020, 2021 and 2022**

	<b>ADM Adjustment</b>	<b>Total</b>
2020	28.27	\$129,657.24
2021	49.27	\$254,277.54
2022	28.96	\$170,650.31
<b>Total</b>	106.50	\$554,585.09

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

## **The District failed to properly maintain absence records**

Auditors found that the District failed to maintain sufficient documentation to support the data submitted to ADE for funding purposes as required by both statute and ADE guidance. According to ADE School Finance Manual, section G, in order for absences relating to illness, doctor appointment, bereavement, family emergencies, or district approved family vacation to be counted as excused absences, the school must be notified in advance or at the time of any absence by the parent or other person who has custody of the student per A.R.S. § 15-807(B). The school will document the date, reason, and person reporting the absence. According to ADE School Finance Manual, section D-1, all original attendance records, whether in paper or electronic format, must be maintained pursuant to a records retention schedule, which is established by the Arizona State Library, Archives and Public Records. For school districts and charter schools the records retention schedule for student records, Schedule Number GS-1074, requires schools to maintain daily attendance records and excused absence reports for four fiscal years. However, the District did not properly maintain absence records for students for some days.

In the future, the District should properly document and track excused absences during all days.

### **Recommendations:**

1. The District must repay to ADE \$554,585.09 in Basic State Aid due to incorrectly reported student data.
2. The District needs to ensure that it properly reports students' FTE pursuant to statute and ADE guidelines.
3. The District must reconcile to ensure that enrollment dates are reported accurately pursuant to A.R.S. § 15-901.
4. The District needs to ensure that it properly reports preschool students that are eligible and enrolled in a preschool program with at least three hundred sixty minutes of instruction per week pursuant to A.R.S. § 15-901.
5. The District should ensure that preschool calendars and dates are reported accurately pursuant to A.R.S. § 15-901.

6. The District must collect required medical certification documentation and provide education services to homebound student for a minimum of four hours per week for students certified as Homebound pursuant to A.R.S. § 15-901.
7. The District must ensure it properly documents and accurately tracks attendance during all days.

## **FINDING 2: THE DISTRICT DID NOT ACCURATELY REPORT AOI DATA RESULTING IN AN UNDERPAYMENT OF \$45,888.71**

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The District did not accurately report enrollment data for 250 of its AOI students to ADE for FY2020, FY2021 and FY2022. Specifically, auditors found that 97 students had been reported as part time but were full time, 97 students were reported but did not attend, 55 students were reported to ADE's System with incorrect minutes, and one student had been reported as full time but was part time. As a result, the District's weighted AOI ADM was understated by 10.26. This led to the District being underfunded by \$45,888.71 which ADE must pay to the District according to A.R.S. § 15-915.

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

Auditors determined that student data for 250 of its AOI students was inaccurate, which resulted in the District's weighted AOI ADM being understated by 10.26 for FY2020, FY2021 and FY2022. 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:

- 97 students were incorrectly reported as part time and should have been reported as full time.
- 97 students were reported to ADE, but documentation showed they did not actually attend the District.
- 55 students were reported to ADE'S System with incorrect AOI minutes.
- 1 student was incorrectly reported as full time and should have been reported as part time.



As shown in Table 4, AOI data reporting errors resulted in a net weighted ADM understatement of 10.26 for the fiscal years audited.

**Table 4**

**Marana Unified School District  
AOI ADM Adjustments  
Fiscal years 2020, 2021 and 2021**

<b>Adjustments</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Full time	(21.62)	(6.59)	(9.06)	(37.27)
Part time	11.81	4.11	11.09	27.01
<b>Total</b>	<b>(9.81)</b>	<b>(2.48)</b>	<b>2.03</b>	<b>(10.26)</b>

Source: Auditor analysis of District records and ADE data for fiscal years 2020, 2021 and 2022.

**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. 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 \$45,888.71**

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 FY2020, FY2021 and FY2022. The student data incorrectly reported by the District resulted in its ADM being understated by 10.26. As a result, the District was underfunded by \$45,888.71 in Basic State Aid for the three fiscal years audited which ADE must repay to the District pursuant to A.R.S. § 15-915.

**Table 5**

**Marana Unified School District  
ADM and funding adjustments due to AOI data errors  
Fiscal years 2020, 2021 and 2022**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
ADM	(9.81)	(2.48)	2.03	(10.26)
<b>Total funding adjustments</b>	<b>\$(45,009.41)</b>	<b>\$(12,810.56)</b>	<b>\$11,931.26</b>	<b>\$(45,888.71)</b>

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

**Recommendations:**

1. The District must recoup from ADE \$45,888.71 in Basic State Aid for the fiscal year 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**

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Auditors determined that the District failed to properly collect and 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 collect and maintain these documents to ensure compliance with statute and ADE guidelines.

### **The District did not properly collect and 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. § 15-823 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, the student file must contain a photocopy of the student's birth certificate, other reliable proof of the student's identity and age and an affidavit explaining the inability to provide a birth certificate, or a letter from an authorized agency with custody of the student.

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. Of the 150 students sampled, 70 of the student files did not have the proper residency documentation, 20 of the student files did not have the residency reaffirmed annually, 6 did not have a birth certificate in their file and 6 student files did not have immunization record documentation in their file. Table 6 (see page 14) lists the student file documentation maintained by the District for FY2020, FY2021 and FY2022.

**Table 6**

**Marana Unified School District  
Student cumulative file documentation  
Fiscal years 2020, 2021 and 2022**

	<b>Total Sampled</b>	<b>Missing Residency Documentation</b>	<b>Residency not Reaffirmed</b>	<b>Missing Birth Certificate</b>	<b>Missing Immunization</b>
2020	50	22	3	1	1
2021	50	30	9	2	2
2022	50	18	8	3	3
<b>Total</b>	<b><u>150</u></b>	<b><u>70</u></b>	<b><u>20</u></b>	<b><u>6</u></b>	<b><u>6</u></b>

Source: Auditor analysis of District records for FY2020, FY2021 and FY2022.

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 \$508,696.38 required to be paid to ADE**—Auditors identified an overall funding adjustment of \$508,696.38 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 FY2020, FY2021 and FY2022.

**Table 7**

**Marana Unified School District  
ADM and funding adjustments  
Fiscal years 2020, 2021 and 2022**

	2020		2021		2022		Total	
	ADM	Funding	ADM	Funding	ADM	Funding	ADM	Funding
Inaccurate student enrollment data	28.27	\$129,657.24	49.27	\$254,277.54	28.96	\$170,650.31	106.50	\$554,585.09
AOI data	(9.81)	\$(45,009.41)	(2.48)	\$(12,810.56)	2.03	\$11,931.26	(10.26)	\$(45,888.71)
<b>Total funding adjustment</b>	<b>18.46</b>	<b>\$84,647.83</b>	<b>46.79</b>	<b>\$241,466.98</b>	<b>30.99</b>	<b>\$182,581.57</b>	<b>96.24</b>	<b>\$508,696.38</b>

Source: Auditor analysis of ADE and District student and financial data for FY2020, FY2021 and FY2022.