



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

December 21, 2011

The Honorable Rick Murphy, Chair  
Joint Legislative Audit Committee

The Honorable Carl Seel, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Murphy and Representative Seel:

Our Office has recently completed a 12-month followup of the Alhambra Elementary School District's implementation status for the four audit recommendations presented in the performance audit report released in July 2010. As the enclosed grid indicates:

- 2 recommendations have been implemented;
- 1 recommendation is in the process of being implemented; and
- 1 recommendation has not been implemented.

Our Office will follow up with the District on the status of the recommendation that is in the process of being implemented when final fiscal year 2012 accounting records are available.

Sincerely,

Ross Ehrick, CPA  
Director, Division of School Audits

RE:bl  
Enclosure

cc: Dr. Karen Williams, Superintendent  
Governing Board  
Alhambra Elementary School District

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT**  
**Auditor General Performance Audit Report Issued July 2010**  
**12-Month Follow-Up Report**

<b>Recommendation</b>	<b>Status/Additional Explanation</b>
-----------------------	--------------------------------------

**FINDING 1: Energy conservation program results in significantly lower electricity costs**

No recommendations

**FINDING 2: More food service employees led to high costs**

1. The District should evaluate its food service operations and determine if they can be modified to reduce staffing levels and produce cost savings.

**Implementation in process**

In fiscal year 2011, the District provided meals to an associated charter school in addition to its own schools. Therefore, its fiscal year 2011 operations and costs were not comparable to the audited fiscal year. However, the District discontinued providing meals to the charter school in fiscal year 2012. Further, according to district officials, the District has reduced food service staffing by approximately 12 full-time equivalent positions in fiscal year 2012. Auditors will review this recommendation again when fiscal year 2012 accounting records are complete and the impact of any cost-saving measures that have been implemented can be analyzed.

**FINDING 3: Shift in spending indicates possible supplanting violations**

1. The District should ensure that CSF monies are used to supplement rather than supplant other monies.

**Not implemented**

As noted in the performance audit report, the District's classroom dollar percentage dropped from 60.8 percent in fiscal year 2001, the year before receiving CSF monies, to 56.7 percent in fiscal year 2009, the audited year. As noted in the audit report, the District's classroom dollar percentage remained low following fiscal year 2007 as a result of the District's decision to spend more money for instructional support services, which include teacher training and curriculum development. Instructional support activities are necessary and closely tied to the classroom, but the increase in instructional support spending should not come at the expense of classroom spending. District officials state that while they monitor the District's classroom dollar percentage, their intent is to continue directing the District's resources in this manner. Preliminary analysis indicates that the District's fiscal year 2011 classroom dollar percentage has dropped further to 55.5 percent.

<b>Recommendation</b>	<b>Status/Additional Explanation</b>
-----------------------	--------------------------------------

2. To meet USFR and statutory requirements, the District should record and account for all revenues and expenditures in the separate Classroom Site Funds throughout the year and not just at year-end.	<b>Implemented at 6 months</b>
---	--------------------------------

---

**OTHER FINDING 1: District did not accurately report its costs**

---

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<b>Implemented at 12 months</b>
---	---------------------------------

---