

## Colorado City Unified School District

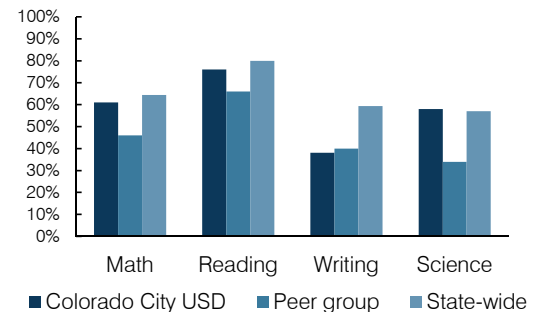
**CONCLUSION:** In fiscal year 2014, Colorado City Unified School District's student achievement was slightly higher than peer districts', and its operations were efficient overall. As a result of efficient operations, the District was able to spend a larger portion of its available operating dollars in the classroom than peers, on average, despite spending over \$1,500 less per pupil overall. The District's administrative costs per pupil were much lower than the peer districts' average, but it needs to improve controls over its computer network and systems and its classification of expenditures. The District's plant operations were reasonably efficient, but stronger controls over facility rentals are needed. The District's food service cost per meal was much lower than the peer average, but the District needs to strengthen controls over food service cash collections. Additionally, the District's transportation cost per mile was the same as the peer districts' average, but we could not determine a cost per rider because the District did not report its actual riders.

### Slightly higher student achievement and overall efficient operations

**Student achievement slightly higher than peer districts'**—In fiscal year 2014, Colorado City USD's student AIMS scores were higher in math, slightly higher in reading, and much higher in science than peer districts', and its writing scores were similar. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of C. Seven of the 20 peer districts also received Cs, 5 received As or Bs, and 8 received Ds. The District's 70 percent high school graduation rate in fiscal year 2014 was similar to the peer districts' 75 percent average.

**Efficient operations overall**—In fiscal year 2014, Colorado City USD operated efficiently overall. As a result, the District was able to spend a larger portion of its available operating dollars in the classroom than peers, on average, despite spending over \$1,500 less per pupil overall. Specifically, the District's administrative costs were much lower than the peer districts' average because it served more students than the peer districts while employing fewer administrators, on average. The District's plant operations were reasonably efficient overall with costs that were much higher per square foot but much lower per pupil because the District maintained 53 percent less square footage per student. The District's food service program operated with a cost per meal that was much lower than the peer districts' average primarily because the District controlled its food costs. Although the District's transportation program was reasonably efficient with a cost per mile that was the same as the peer districts' average, the District did not report its actual riders and, as a result, we could not determine a cost per rider or evaluate route efficiency.

**Percentage of students who met or exceeded state standards (AIMS) Fiscal year 2014**



**Comparison of per pupil expenditures by operational area Fiscal year 2014**

	Colorado City USD	Peer group average
Administration	\$1,032	\$1,534
Plant operations	921	1,518
Food service	265	448
Transportation	415	501

### District needs to improve controls in multiple areas

**Food service cash controls need strengthening**—In fiscal years 2014 and 2015, Colorado City USD had an increased risk of errors and fraud because it did not reconcile food service cash collections to reported sales. We reviewed two months of food service point-of-sale system reports and found that cash collected exceeded reported sales by \$45 for one month and \$415 for the other month, with daily overages of up to \$100. Further, the District did not enforce

its Governing Board-approved policy not to extend credit to students for meal purchases. By the end of fiscal year 2015, unpaid student balances totaled over \$1,000.

**Computer controls need strengthening**—The District did not require strong passwords to access the District's network and student information system. Additionally, eight of the District's nine accounting system users had more access than they needed to perform their job responsibilities, and six had full access to perform all payroll and purchasing functions without an independent review and approval. Further, the District had four active generic user accounts in its accounting system not assigned to specific individuals, making it difficult or impossible to hold anyone accountable if inappropriate activity were conducted while using these accounts. Lastly, the District did not have a process to restrict district employees from installing software on district computers, increasing the risk that malicious computer viruses or attacks could be installed on district computers and the network.

**Incorrectly reported number of riders**—In fiscal years 2014 and 2015, the District did not accurately report to the Arizona Department of Education the actual number of students that it transported to school, as required by Arizona Revised Statutes. Instead it incorrectly reported the number of students who were eligible to be transported.

**Costs not accurately reported**—Colorado City USD did not consistently classify its fiscal year 2014 expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its *Annual Financial Report* did not accurately reflect its costs. We found classroom and nonclassroom classification errors equivalent to 14 percent of the District's total operational spending.

## Recommendations

The District should:

- Improve oversight and controls over food service cash collections and ensure it follows its policy of not extending credit to students for meal purchases.
- Implement proper controls over its computer network, student information system, and accounting system.
- Accurately report riders transported.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

## District should strengthen oversight of facility rentals

In fiscal years 2014 and 2015, Colorado City USD lacked adequate oversight of its facility rental program, which resulted in the District not collecting all rental payments. As a result of the District's poor recordkeeping, we could not determine the full usage of district facilities, and therefore, the total rental fees that the District should have collected. However, we were able to determine that the District failed to collect at least \$2,040 in fiscal year 2014 and at least \$1,490 in fiscal year 2015. Additionally, the District provided groups or individuals who rented its facilities with building keys, which exposed the District to the risk of its buildings being used inappropriately or its property being damaged or stolen. The risk of property damage was further heightened because the District did not supervise some groups renting its facilities and failed to ensure that some groups renting its facilities had required property liability insurance.

## Recommendation

The District should enforce its policies to ensure proper controls over facility rentals and building access.