

**ALPINE ELEMENTARY SCHOOL DISTRICT #7**  
**P.O. BOX 170, ALPINE, ARIZONA 85920**  
**(928)339-4570 FAX (928)339-1806**

September 28, 2006

State of Arizona Office of the Auditor General  
Debbie Davenport, Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

Dear Ms. Davenport:

This letter will service as the final response to our audit report completed in September, 2006 on the District's fiscal year 2005.

Thank you for the opportunity to respond to this audit.

**Chapter 1 : Administration**

1. The District should review the administrator's workload to determine if a return to a 60-day contract is warranted, now that the move to the new school is complete. District should also review its administrative costs to identify other possible reductions.

*District response: The District agrees with the finding and will engage in dialog regarding administrator's contract and possible reductions in administrative costs. The State Board of Education is considering changing the requirements of small districts that have heretofore not been required to have a fully certified superintendent. This change, to require a fully certified Superintendent, will put pressure on small districts to increase costs rather than lower.*

2. The District should clearly identify any additional duties and the amount of related addition pay in employee contracts prior to the work being performed.

*District response: The district concurs with this finding and will identify additional duties and amount of additional pay in advance of performance of duties.*

3. The District should seek legal counsel advice regarding the legality of a stipend paid to its office manager and whether any repayments are required.

*District response: The district agrees with the finding and has already contacted legal counsel regarding the need for repayment.*

4. The District should improve its expenditures to ensure that all purchases are reviewed and approved prior to being made. The independent review and approval should be approved by an employee who does not initiate the purchase or prepare the payroll.

***District response: The District agrees with this finding and has implemented the recommendation.***

5. To ensure that all travel expenses are reasonable and allowable, the District should require travelers to submit proper documentation. Even when expenses are placed on a personal credit card, travelers should be required to submit supporting documentation, such as hotel receipts and invoices. Further, meals should be reimbursed according to the state meal per diem.

***District response: The District confers with this finding and has made changes to this process per recommendation.***

## **Chapter 2: Food Service**

1. The District should consider participating in the Special Milk Program.

***District response: This District is in agreement with this recommendation and will research the cost effectiveness of participating in the Special Milk Program.***

2. If the District decides to pursue offering a food service program, it should first carefully estimate the cost of such a program, including estimating a potential cost per meal and cost per student. It should also consider other factors, such as meal pricing and other revenue sources, to support the program.

***District response: The District agrees with this finding and realizes that a lunch program is not financially feasible for our small district.***

## **Chapter 3: Transportation**

1. The District should explore other options for open enrollment student transportation, such as coordinating transportation of open enrollment student with the high school students' transportation to and from Round Valley.

***District response: The District concurs with this finding and has already explored this option. Due to classroom instructional time requirements, it is not a viable alternative at this time.***

2. If open enrollment transportation reimbursement is continued, the District should enter into written contracts with each parent or guardian. The contracts should

specify pertinent terms, such as the mileage rate, mileage limits and the reimbursement claim form to be submitted.

***District response: The District agrees with this finding and will implement recommendation.***

3. The District should report only the mileage driven by the parent of an open enrollment student to bring the student to school and back to his or her residence or other designated point when reporting route mileage to ADE.

***District response: The District agrees with this finding but asks for clarification of route reporting. ADE and the Auditor General's office are in disagreement as to this procedure. The District will follow recommendation and implement changes when this has been made clear.***

***The District has repeatedly contacted ADE for direction concerning mileage reporting. A recent conversation with ADE verified that we are doing our reporting according to state requirements. The District feels that this report may have been unfairly harsh considering we were following ADE instruction.***

4. The District should discontinue reporting mileage associated with open enrollment students who do not meet the eligibility requirements of the National School Lunch Program.

***District response: The district agrees and will implement this recommendation. We would like clarification from ADE.***

#### **Chapter 4 : Plant Operations and Maintenance**

1. The District should consider whether it can modify its plant-related staffing needs after the one-time work related to its new facility, such as planting ball fields, is completed.

***District response: The District is in agreement with this finding and will implement suggested strategy.***

#### **Chapter 5 : Proposition 301 monies**

1. The District should ensure that its Proposition 301 plan also addresses how it will spend base pay and menu option monies, including specifying which of the six allowable options it is addressing.

***District response: The District concurs with this finding and will include this recommendation in the new plan due in December.***

## **Chapter 6: Classroom dollars**

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

***District response: The district agrees with this finding and will correct classification of transactions.***

2. The district should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.

***District response: This district is in agreement with this finding and has implemented the recommendation.***

***The District will continue to try to direct more of its spending into the classroom.***

The District looks forward to meeting with your team to discuss how we have implemented the recommendations.

Sincerely,

Susan Orth  
District Administrator