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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

December 11, 2012

The Honorable Carl Seel, Chair
Joint Legislative Audit Committee

The Honorable Rick Murphy, Vice Chair
Joint Legislative Audit Committee

Dear Representative Seel and Senator Murphy:

Our Office has recently completed the third 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.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the July 2010 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT
Auditor General Performance Audit Report Issued July 2010
Third Follow-Up Report

Recommendation	Status/Additional Explanation
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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

The District has taken steps toward reducing its food service costs. For example, the District eliminated 12 food service positions in fiscal year 2012. However, these cuts failed to reduce the District's high cost per meal because they merely kept pace with the District's declining enrollment and corresponding decline in number of meals served. The District's \$2.79 cost per meal in fiscal year 2012 is equal to its cost per meal in 2009, the year of the audit, and still high when compared to the peer districts' fiscal year 2012 average of \$2.41. The District should continue evaluating its food service operations to identify further cost saving opportunities.

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 2012 classroom dollar percentage remained at its fiscal year 2011 level of 55.5 percent.

Recommendation	Status/Additional Explanation
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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.	Implemented at 6 months
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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.	Implemented at 12 months
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