



FLOWING WELLS SCHOOLS

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February 17, 2012

Debra Davenport, Auditor General
State of Arizona
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

Flowing Wells Unified School District is in receipt of the report presented by the Office of the Auditor General summarizing the Performance Audit conducted in compliance with ARS 41-1279.03. The District understands the objectives, scope and methodology of the report and we have had multiple briefings and updates from your staff throughout the audit process.

The attached document provides the District's response to each of the recommendations included in the Performance Audit. Each recommendation has been thoroughly reviewed by the Flowing Wells District Governing Board and leadership team. These responses indicate a commitment to improve our District's effectiveness in achieving our mission and vision.

The District appreciated the professionalism of the audit team and values the data and findings presented in the final report.

If you have questions regarding any of the responses contained in the attachment, please do not hesitate to contact us.

Sincerely,

Nicholas I. Clement, Ed.D.
Superintendent

NIC/jh

Enclosure

Flowing Wells Unified School District #8
Performance Audit Responses

Finding 1: District reduced classroom spending and shifted monies to other functional areas

The District agrees with this finding and will implement the recommendations.

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

The District strives to consistently classify expenditures in accordance with the Uniform Chart of Accounts. The District annually reviews the account coding for all expenditures. A point relevant to this report is that the USFR chart of accounts is not always specific and is subject to some interpretation. The District will continue to contact the Auditor General's office to obtain clarification on specific situations.

Recommendation 2: The District should look for ways to reduce nonclassroom spending, especially in plant operations, to allow it to direct more of its monies back into the classroom.

The District will continue an effort to designate a higher percentage of the budget into the classroom.

In FY 2010, the District faced a reduction in student count of 139, loss of excess utilities funding, reduction in soft capital funding, and a reduction in revenue control base support per pupil funding. The total reduction in the maintenance and operations budget was over \$1.2 million. Since the legislature was late in finalizing the budget that year, the district was conservative while preparing teacher contracts in April-May 2009. The budget reductions and the timing of finalization of the state budget did impact our classroom dollars that year. While the district cut 20 teachers due to reduction in student counts, the district also cut approximately 22 FTE in other support functions. Additional reductions in classroom expenditures included the removal of three classroom teachers funded through Title II when the Arizona Department of Education prohibited classroom size reduction financial allocations. The district was required to reallocate this funding to other, non-classroom level activities, and focused on professional development.

The District strongly believes that in addition to classroom dollars, student support services and extensive teacher training programs are important elements to increase and maintain student performance, as is evident by our student achievement scores.

The District is also committed to a 24/7 school house concept and offers a wide range of after school programs which have positively impacted our student achievement, as reported on page 1 of the Performance Audit. Currently, the district operates seven 21st Century Community Learning Center Sites along with five Full Service Community Learning Centers. None of the comparable peer districts have operated these state and federal extended school day and school year programs since 2009. These programs extend our school plant hours on average of three hours per day along with providing educational services at our school sites for six weeks during the summer. All additional district maintenance and utility costs are provided as in-kind funding matches as required by the grants.

Finding 2: Higher plant costs related to higher staffing levels, more experienced staff, and high energy usage

The District agrees with this finding and will implement the recommendations.

Recommendation 1: The District should review its staffing levels to determine if it can reduce plant operation costs.

The District reviews staffing levels annually and has significantly reduced positions in an effort to reduce costs. Specifically, since 2009, the Flowing Wells Unified School District has eliminated the following staff positions related directly to plant operations. We reduced 2 FTE grounds and 2 FTE custodians for a savings of about \$100,000 in FY 2010.

Recommendation 2: To help reduce electricity costs, the District should develop and implement an energy conservation plan that may include improvements to facilities.

The District will continue to annually review energy costs and revise the capital improvement plan to reduce energy costs.

The District has taken aggressive measures to significantly modify obsolete and inefficient systems, utilizing our capital along with a B-bond program. As a result of these efforts, the District currently has four campuses that operate through an energy management-based system. Over one third of the District's square footage is designed with current state-of-the-art energy management system technology which provides the capability to program all levels of control. The remaining two thirds of the District's HVAC design is comprised of either package units that are heat pumps or gas packs. 90% of these units meet the federal guidelines of a seer rating of 11 or higher.

Based on the Performance Audit report, along with data gathered through other external and internal energy audits, the District will continue utilizing state funding to retrofit inefficient lighting and mechanical systems with the goal of improving efficiency rates.