

August 11, 2003

Office of the Auditor General
Debra K. Davenport
2910 N. 44th Street, Suite 410
Phoenix, AZ 95018

Dear Ms. Davenport,

It has been a pleasure for the Tanque Verde Unified School District to host the Performance Audit Team from your office. Their presence was that of utmost professionalism. The District looked forward to the recommendations of the Auditor General's team. Implementation of policy and procedural changes as suggested in the report will help us become a more efficient organization and provide the best education for the students we serve. Pursuant to the Auditor General's findings and recommendations, the Tanque Verde Unified School District submits the attached District Response for your review.

Sincerely,

Denise Ryan
Superintendent

AUDITOR GENERAL FINDING 1

Food Service Recommendation 1

The District should analyze its costs and revenues to calculate the meal prices needed to return the program to break-even status.

District Response: The finding of the Auditor General is agreed to and the recommendation will be implemented.

The information provided by the Performance Audit Team comparing our breakfast and lunch prices with similar size districts, and those with similar “Free and Reduced” lunch populations, was invaluable. The District was already contemplating an increase in lunch prices to alleviate the deficient spending we have seen over the past few years. The comparison table allowed the administrative team to recommend a reasonable increase to the Governing Board. At the June 10, 2003 Board meeting, an increase of fifteen cents was added to the \$1.35 elementary lunch and to the \$1.50 junior high lunch.

Lunch prices in the Tanque Verde School District have not been increased in over fifteen years. Five percent of our students qualify for Free and Reduced lunches. Increasing lunches by fifteen cents will have an impact on the financial balance of the program. This change will be monitored throughout the year to determine if the increase was sufficient to comply with the Auditor General’s recommendation.

AUDITOR GENERAL FINDING 2

Food Service Recommendation 2

The District should increase financial management oversight activities, such as preparing detailed food service budgets, comparing budgeted and actual revenues and expenditures monthly, and calculating performance measures, including cost per meal and meals per labor hour.

District Response: The finding of the Auditor General is agreed to and the recommendation will be implemented.

Many of the reports requested in this recommendation are currently available through the District's Business Office. The Assistant Superintendent for Finance will set up monthly meetings with the three Food Service Directors to share the detailed budgets and compare their budgeted amounts to expenditures. Additional detail will be added to the food service accounting procedures to accommodate the performance measures of cost per meal and meals per labor hour. The impact of increasing school lunch prices on the cash balance at the elementary and junior high sites will be included in this monthly review.

AUDITOR GENERAL FINDING 3

Transportation Recommendation

The District should accurately determine its number of transported eligible students for state aid purposes by including only those eligible students who are actually transported.

District Response: The finding of the Auditor General is agreed to and the recommendation will be implemented.

The Director of Transportation also found this error when she was calculating route miles this year for the 2003-2004 budget. After consulting with other directors, the Tanque Verde District methodology was changed to accurately reflect transported students versus total student enrollment. This change will be reflected in this year's budget and implemented in future years.