

Quartzsite Elementary School District

District continued to operate 1 of its schools even though it posed significant safety concerns to students and staff and is not meeting the requirements of the State-mandated school improvement program designed to improve student achievement

Performance Audit

October 2020
Report 20-206

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

Representative **Anthony T. Kern**, Chair
Representative **John Allen**
Representative **Timothy M. Dunn**
Representative **Mitzi Epstein**
Representative **Jennifer Pawlik**
Representative **Rusty Bowers** (ex officio)

Senator **Rick Gray**, Vice Chair
Senator **Lupe Contreras**
Senator **Andrea Dalessandro**
Senator **David C. Farnsworth**
Senator **David Livingston**
Senator **Karen Fann** (ex officio)

Audit Staff

Vicki Hanson, Director
Alexa Tavasci, Manager

Joshua Lykins, Team Leader
Jami Bonifacio
Justin Haidet
Stephanie Mead

Contact Information

Arizona Office of the Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

October 29, 2020

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board
Quartzsite Elementary School District

Ms. Raquel Burton, Superintendent
Quartzsite Elementary School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Quartzsite Elementary School District*, conducted pursuant to Arizona Revised Statutes §41-1279.03. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with all the findings and recommendations and plans to implement all the recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey Perry, CPA, CFE
Auditor General

Quartzsite Elementary School District

District continued to operate 1 of its schools even though it posed significant safety concerns to students and staff and is not meeting the requirements of the State-mandated school improvement program designed to improve student achievement

Audit purpose

To assess the District's spending on administration, plant operations and maintenance, food service, and transportation and its compliance with certain State requirements.

Key findings

- District continued to operate 2 schools even though 1 posed significant safety concerns to students and staff and the other was large enough to serve all students.
- District is not meeting requirements of State-mandated school implementation program designed to improve student achievement, resulting in more than \$200,000 in federal monies being withheld.

Key recommendations

The District should:

- Evaluate excess building space at its schools and determine and implement ways to reduce it, including considering whether to consolidate all students to 1 campus.
- Ensure that any Quartzsite Elementary School District buildings are safe before allowing any students or staff in them.
- Work with the Arizona Department of Education (ADE) to develop and implement past due Integrated Action Plans (IAPs) to improve its instructional program and students' academic achievement.
- Ensure it performs the required comprehensive needs assessment and develops and submits any future required IAPs during the time frame specified by ADE and, once approved, implement all action steps.



TABLE OF CONTENTS

District overview	1
Finding 1: District continued to operate 2 schools even though 1 posed significant safety concerns to students and staff and the other was large enough to serve all students	2
Background	
District continued operating Quartzsite Elementary School despite significant building safety concerns	
Low capacity at both District schools and a history of declining enrollment indicate opportunity to reduce unsafe, excess building space	
Consolidating operations could allow District to redirect more than \$115,000 annually to instruction or other District priorities	
Recommendations	
Finding 2: District is not meeting requirements of State-mandated school improvement program designed to improve student achievement, resulting in more than \$200,000 in federal monies withheld	6
State-mandated school improvement program exists to help districts improve student achievement	
District overdue in submitting 3 years' of required IAPs and has had \$200,000 of federal school improvement monies withheld	
Recommendations	
Summary of recommendations: Auditor General makes 4 recommendations to the District	9
Appendix: Objectives, scope, and methodology	a-1
District response	
Figure	
1 District's designed capacity compared to student enrollment Fiscal years 2009 through 2019	4
Photo	
1 Wall siding separating from buildings, missing roof shingles, and damaged roof overhangs at Quartzsite Elementary School	3
Tables	
1 Percentage of capacity used, number of students, and designed student capacity by school Fiscal year 2019 (Unaudited)	3



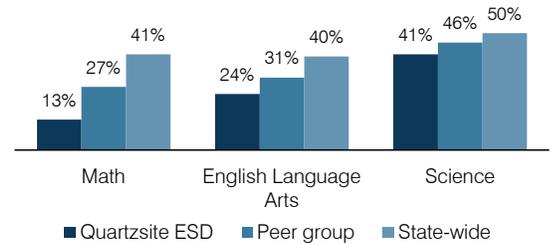
TABLE OF CONTENTS

2	School letter grades and school improvement program status by school School years 2017-2018 through 2020-2021	7
---	--	---



Rural district in La Paz County
Grades: Kindergarten through 8th
Students attending: 177
Number of schools: 2
School letter grades: 1 D, 1 F

Students who passed State assessments



Total operational spending—\$1.8 million (\$10,373 per pupil)

Instructional—43.1% (\$4,473 per pupil)

Noninstructional—56.9% (\$5,900 per pupil)

Operational overview	Measure	Quartzsite ESD	Peer average
<p>Administration—lower spending but District not meeting State school improvement program requirements</p> <p>The District spent less per pupil on administration than its peer districts, on average, primarily because it served more students, and therefore, its administrative costs were spread across more students. However, the District is not meeting requirements of the State's mandated school improvement program designed to improve student achievement and is having over \$200,000 of federal monies withheld until it meets requirements (see Finding 2, page 6).</p>	Spending per pupil	\$1,868	\$3,398
<p>Plant operations—school campus poses safety concerns and other school has enough space for all students</p> <p>The District spent less per square foot and per pupil on plant operations than its peer districts averaged because it maintained more square footage and served more students, allowing it to spread its costs. However, the District continued to operate 1 of its 2 schools even though it posed significant safety concerns to students and staff (see Finding 1, page 2). Further, the District has enough space at its other school, and if it closed 1 of its 2 schools, the District could redirect an estimated \$115,000 annually to instruction or other District priorities.</p>	Spending per square foot	\$5.54	\$7.70
	Spending per pupil	\$1,663	\$2,665
<p>Food service—lower spending</p> <p>The District spent less per meal on its food service program than its peer districts, on average, primarily because it served 29 percent more meals per pupil.</p>	Spending per meal	\$3.26	\$5.47
<p>Transportation—mixed costs but reasonably efficient</p> <p>The District's spending per mile was higher than the peer districts' average, while its spending per rider was lower, primarily because the District traveled 37 percent fewer miles per rider than the peer districts, on average.</p>	Spending per mile	\$2.56	\$2.28
	Spending per rider	\$1,495	\$1,665



District continued to operate 2 schools even though 1 posed significant safety concerns to students and staff and the other was large enough to serve all students

Background

Quartzsite Elementary School District is located in western La Paz County on the border with California. In fiscal year 2019, the District served 113 students in grades kindergarten through 8 at its larger school, Ehrenberg Elementary School, where the District office is also located, and 64 students in grades 3 through 8 at its smaller school, Quartzsite Elementary School, approximately 20 miles away. Quartzsite Elementary School consists of 4 temporary modular buildings with classrooms and 1 permanent building that mainly houses the gymnasium and kitchen. In fiscal year 2019, these temporary modular buildings ranged in age from 25 to 28 years and, during our tour of the school, we noted that the buildings were showing visible signs of disrepair and potential safety hazards.

District continued operating Quartzsite Elementary School despite significant building safety concerns

The District's administration was aware of Quartzsite Elementary School's building issues and had already moved students and staff out of 1 of the buildings and into empty classrooms at the beginning of fiscal year 2018 (2017-2018 school year) due to concerns for the safety of the students and staff in the building. Despite the visible safety concerns, the District was waiting for a structural engineering consultant to perform a structural evaluation of all school buildings before considering whether to move the remaining students and staff out of the other classrooms. This structural evaluation was required as part of numerous Building Renewal Grant requests the District made to the School Facilities Board in July 2018. According to District officials, there were disagreements on the scope of and cost estimate for the structural evaluation, which is why it was not completed until more than a year after the initial request.

In November 2019, the structural engineer evaluated Quartzsite Elementary School's 4 modular buildings, and found that 3 of the 4 modular buildings were in poor structural condition and recommended that they either be demolished or the structurally inadequate and poor condition items be repaired or replaced. Photo 1 (see page 3) shows evidence of the inadequate conditions that needed to be addressed from this evaluation. After receiving the consultant's report, the District moved students and staff out of the 3 unsafe buildings, moved a small group of students and staff into an empty classroom at Ehrenberg Elementary School, and moved the remaining students and staff into other spaces at Quartzsite Elementary School, including moving 6 students and a teacher into a teachers' lounge because no other classrooms were safe to use. The District continued to operate the school until the forced State-wide school closures in March 2020 due to the COVID-19 pandemic.¹ At the time of this audit report's release, the District was working with the Arizona School Facilities Board to determine how

¹ On March 15, 2020, the Governor and Superintendent of Public Instruction announced a State-wide school closure in response to the COVID-19 pandemic. This closure was originally effective for 2 weeks until later being extended for the remainder of the 2019-2020 school year.

to address Quartzsite Elementary School’s building concerns. However, District officials reported to us that the District is still planning on reopening Quartzsite Elementary School to students and staff as soon as its Governing Board approves in-person learning to resume although District officials indicated that they are not planning to use the 3 unsafe buildings until they are repaired or replaced.

Photo 1

Wall siding separating from buildings, missing roof shingles, and damaged roof overhangs at Quartzsite Elementary School



Source: Photos taken by District’s structural engineer consultant, November 1, 2019.

Low capacity at both District schools and a history of declining enrollment indicate opportunity to reduce unsafe, excess building space

In fiscal year 2019 and in prior years, the District had adequate capacity to move the students from Quartzsite Elementary School’s unsafe campus to Ehrenberg Elementary School but did not do so. As shown in Table 1, in fiscal year 2019, the District had a total designed capacity for 573 students at its 2 schools but had a student population of only 177 students. Both schools operated far below their designed capacities, with Ehrenberg and Quartzsite Elementary Schools utilizing only 34 and 27 percent of their available space, respectively.

Table 1
Percentage of capacity used, number of students, and designed student capacity by school
Fiscal year 2019
 (Unaudited)

School name	Percentage of capacity used	Number of students	Designed capacity
Ehrenberg Elementary School	34%	113	336
Quartzsite Elementary School	27%	64	237
Totals	31%	177	573
Projected utilization if combined	53%	177	336

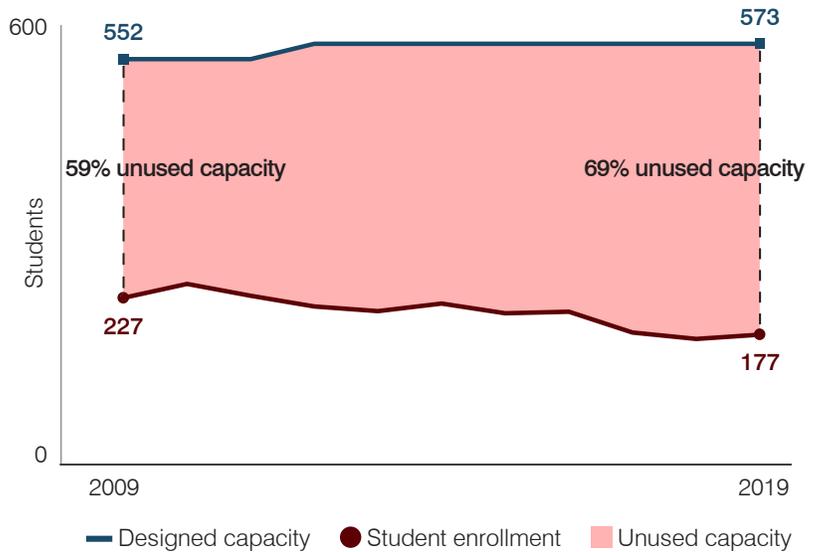
Source: Auditor General staff analysis of fiscal year 2019 Arizona Department of Education student membership data and fiscal year 2019 building-capacity information obtained from the Arizona School Facilities Board.

During our tour of the District’s schools, we observed many classrooms at both campuses that were either empty or being used for other purposes such as storage. Both schools’ capacities are so low that if the District had closed Quartzsite Elementary School and transferred all its students to Ehrenberg Elementary School

in fiscal year 2019, Ehrenberg would still have operated at only 53 percent of its designed capacity. Although June 2020 guidance issued by the Arizona Department of Education (ADE) in response to the COVID-19 pandemic recommends that districts reopening their schools for in-person classes in the 2020-2021 school year space desks to allow for physical distancing, Ehrenberg Elementary School likely has enough room to accommodate all the District's students while following the guidance.²

As shown in Figure 1, the District has been maintaining excess building space for at least a decade. Between fiscal years 2009 and 2019, the District's school building capacity remained relatively stable, but the District experienced a 22 percent decline in its student enrollment, resulting in increased excess school building space. Maintaining excess school building space is costly to school districts because most of their funding is based on their number of students, and they do not receive any monies to maintain additional square footage. The District has continued to keep Quartzsite Elementary School open during this time despite its declining enrollment because its Governing Board feels it is important to have a school campus in the Quartzsite community.

Figure 1
District's designed capacity compared to student enrollment
Fiscal years 2009 through 2019
 (Unaudited)



Source: Auditor General staff analysis of fiscal years 2009 through 2019 Arizona Department of Education student membership data and fiscal years 2009 through 2019 building capacity information from the Arizona School Facilities Board.

Consolidating operations could allow District to redirect more than \$115,000 annually to instruction or other District priorities

Given the District's \$5.54 spending per square foot in fiscal year 2019, the District could have saved more than \$115,000 of plant operations costs if it had closed Quartzsite Elementary School, which had a reported 20,893 square feet across its various temporary buildings, gym, and kitchen. In addition to the plant operations savings, the District likely would experience substantial annual savings in other areas, such as school administration and food service, that otherwise also could be spent on instruction, such as for teacher salaries or instructional supplies, or other District priorities.

Although it can be difficult and painful for a district to consider closing a school, it is a critical consideration because, as stated earlier, the District's funding is based primarily on its number of students and not on its amount of square footage. It is unusual for very small districts, such as Quartzsite ESD, to maintain and operate 2 school campuses, and in fiscal year 2019, only 1 of Quartzsite ESD's 56 peer districts operated more than 1 school campus, which was likely because it served grades kindergarten through 12.³ Further, the unsafe condition of most of Quartzsite Elementary School's classroom buildings demonstrates additional support for moving the students and staff to the District's other school campus not only for increased cost savings and potential efficiencies, but also for increased student and staff safety.

² Arizona Department of Education, "Roadmap for Reopening Schools, June 2020."

³ Four of the District's 56 peer districts are listed as operating 2 schools in the annual *Arizona School District Spending* report, but only 1 of these maintains 2 separate physical campuses. The remaining 3 have 2 separate schools that reside on 1 physical campus.

Recommendations

The District should:

1. Evaluate excess building space at its schools and determine and implement ways to reduce it, including considering whether to consolidate all students to 1 campus.
2. Ensure that any Quartzsite Elementary School buildings are safe before allowing any students or staff in them.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and plans on implementing the recommendations.



District is not meeting requirements of State-mandated school improvement program designed to improve student achievement, resulting in more than \$200,000 in federal monies withheld

State-mandated school improvement program exists to help districts improve student achievement

For elementary schools, the Arizona Department of Education (ADE) assigns letter grades based on a State Board of Education-approved system that measures year-to-year student academic growth, proficiency on State assessments, proficiency and academic growth of English language learners, and indicators that an elementary student is ready for success in high school. ADE bases schools' letter grades on the percentage of points schools earned on a 100-point scale. If a school receives a "D" or "F" letter grade, the school and district are required to participate in a school improvement program where school and district staff work closely with ADE to perform a comprehensive needs assessment and create an integrated action plan (IAP), which identifies action steps and goals for the school and district to work on during the year to improve student achievement. The district must then submit its IAP to ADE for approval, generally before the next school year begins so that the school and district can implement the IAP's action steps during the school year. Once approved, ADE will release to the district certain federal monies allocated to support the action steps in the IAP. If a district delays submitting its IAP, ADE can withhold these monies.

District overdue in submitting 3 years' of required IAPs and has had \$200,000 of federal school improvement monies withheld

Schools performed poorly, resulting in need to develop IAPs for the 2018-2019, 2019-2020, and 2020-2021 school years, but District is overdue in submitting 2019-2020 and 2020-2021 plans—The District did not submit its required 2018-2019 IAP for Quartzsite Elementary School until June 2020 and has yet to submit its required 2019-2020 and 2020-2021 IAPs for both Quartzsite and Ehrenberg Elementary Schools as of September 2020. Specifically:

- **2018-2019 school year required plan submitted late**—Most students take State assessments in the Spring each school year, and districts typically receive their ADE-assigned school letter grades the following Fall after student test scores have been received and reviewed by ADE. As shown in Table 2 on page 7, Quartzsite Elementary School received a "D" letter grade for the 2017-2018 school year, which triggered the requirement for the District to participate in the school improvement program and develop an IAP for the next school year. Therefore, the District should have developed and submitted an IAP to ADE for the remainder of the 2018-2019 school year after learning of its "D" letter grade. As discussed earlier, ADE will not release school improvement federal monies to a district until it has received and approved the district's IAP.

Although the purpose of these plans is to identify action steps and goals for the school and district to work on during the school year to improve student achievement, the District did not submit an IAP for the 2018-2019 school year until June 2020—well after the school year was over. The District then received the \$92,300 in federal monies allocated to it for that year's plan.

- **2019-2020 school year required plans not yet submitted**—

The District was again required to develop an IAP for Quartzsite Elementary School for the 2019-2020 school year because the School fell from a “D” to an “F” letter grade during the 2018-2019 school year, earning just 37 percent of the available points. This is the 6th lowest percentage of the 1,328 kindergarten through 8th grade public and charter schools that received letter grades for the 2018-2019 school year. Additionally, as shown in Table 2, the District’s other school, Ehrenberg Elementary School, received a “D” letter grade for the 2018-2019 school year, which triggered the requirement for it to participate in the school improvement program and develop an IAP for the 2019-2020 school year as well. However, as of September 2020, the District has not yet developed and submitted the required IAPs to ADE for its schools for the 2019-2020 school year even though the school year is over.

- **2020-2021 school year required plans not yet submitted**—

Because both schools had already been participating in the State’s school improvement program and the District knew that it would be receiving the same letter grades for the 2019-2020 school year as it did for the prior year, it should have had ADE-approved IAPs in place before the start of the current 2020-2021 school year.⁴ Again, the purpose of these plans is to identify action steps the schools and District will take to improve student achievement that school year. However, as of September 2020, the District has not yet developed and submitted the required IAPs to ADE for its schools for the 2020-2021 school year even though the school year has already begun.

Table 2
School letter grades and school improvement program status by school
School years 2017-2018 through 2020-2021

Quartzsite Elementary School			
School year	School letter grade	School improvement program status	
2017-2018	D	Receiving this letter grade triggered the requirement for the District to develop an IAP the following year.	
2018-2019	F	IAP required	IAP submitted June 2020
2019-2020 ¹	F	IAP required	IAP not yet submitted
2020-2021 ²	-	IAP required	IAP not yet submitted

Ehrenberg Elementary School			
School year	School letter grade	School improvement program status	
2017-2018	B	School not required to participate.	
2018-2019	D	Receiving this letter grade triggered the requirement for the District to develop an IAP the following year.	
2019-2020 ¹	D	IAP required	IAP not yet submitted
2020-2021 ²	-	IAP required	IAP not yet submitted

¹ Laws 2020, Ch. 47, §1, provided procedures regarding public school closures related to the COVID-19 pandemic, including the carryforward of A-F letter grades from the 2018-2019 school year to apply to the 2019-2020 school year..

² Based on the schools’ 2019-2020 school letter grades, the District should have submitted IAPs to ADE before the start of the 2020-2021 school year. ADE will likely assign letter grades to schools for the 2020-2021 school year after students take State assessments at the end of the school year and ADE reviews the results.

Source: Auditor General staff analysis of ADE-assigned school letter grades for school years 2017-2018 through 2019-2020 and interviews with District and ADE officials.

According to District officials, development of the IAP is a difficult and time-consuming process, and they did not have the time or understanding to complete it on time. Additionally, District officials said that the COVID-19 pandemic and preparing for distance learning and eventual reopening of its school buildings also impacted its

⁴ Because of the forced State-wide school closures in March 2020 due to the COVID-19 pandemic, school districts were exempted from conducting State assessments at the end of the 2019-2020 school year. Therefore, ADE did not assign letter grades to schools for the 2019-2020 school year, and instead the 2018-2019 letter grades were carried forward to apply to 2019-2020.

ability to submit IAPs for the current school year. However, by not developing, submitting, and implementing the required IAPs, the District risks delaying or not improving its students' achievement and having its schools continue as "D" and "F" schools.

District has had over \$200,000 of federal monies withheld due to unsubmitted IAPs—Because the District has not submitted the required IAPs for its schools, approximately \$83,100 of federal monies allocated to it for the 2019-2020 school year and approximately \$120,300 of federal monies allocated to it for the 2020-2021 school year are being withheld by ADE. As mentioned previously, these monies are intended to support districts' implementation of their IAPs. Therefore, even though school year 2019-2020 is already over, the District should still submit its IAPs for that year to release these federal monies so it can use them to improve its instructional programs and student achievement. Further, the District should perform the required comprehensive needs assessment and develop IAPs for its schools for the current 2020-2021 school year, submit the plans to ADE for approval, and once approved, implement the action steps.

Recommendations

The District should:

3. Work with ADE to develop and implement required past due IAPs to improve its instructional program and students' academic achievement.
4. Ensure it performs the required comprehensive needs assessment and develops and submits any future required IAPs during the time frame specified by ADE and, once approved, implement all action steps.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and plans on implementing the recommendations.



SUMMARY OF RECOMMENDATIONS

Auditor General makes 4 recommendations to the District

The District should:

1. Evaluate excess building space at its schools and determine and implement ways to reduce it, including considering whether to consolidate all students to 1 campus (see Finding 1, pages 2 through 5, for more information).
2. Ensure that any Quartzsite Elementary School buildings are safe before allowing any students or staff in them (see Finding 1, pages 2 through 5, for more information).
3. Work with ADE to develop and implement required past due IAPs to improve its instructional program and students' academic achievement (see Finding 2, pages 6 through 8, for more information).
4. Ensure it performs the required comprehensive needs assessment and develops and submits any future required IAPs during the time frame specified by ADE and, once approved, implement all action steps (see Finding 2, pages 6 through 8, for more information).



Objectives, scope, and methodology

We have conducted a performance audit of Quartzsite Elementary School District pursuant to Arizona Revised Statutes §41-1279.03(A)(9). This audit focused on the District's efficiency and effectiveness primarily in fiscal year 2019 in the 4 operational areas bulleted below because of their effect on instructional spending, as previously reported in our annual report, *Arizona School District Spending*. This audit was limited to reviewing instructional and noninstructional operational spending (see textbox). Instructional spending includes salaries and benefits for teachers, teachers' aides, and substitute teachers; instructional supplies and aids such as paper, pencils, textbooks, workbooks, and instructional software; instructional activities such as field trips, athletics, and co-curricular activities, such as choir or band; and tuition paid to out-of-State and private institutions. Noninstructional spending reviewed for this audit includes the following:

Operational spending

Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with acquiring capital assets (such as purchasing or leasing land, buildings, and equipment), interest, and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

- **Administration**—Salaries and benefits for superintendents, principals, business managers, and clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other spending related to these services and the governing board.
- **Plant operations and maintenance**—Salaries, benefits, and other spending related to equipment repair, building maintenance, custodial services, groundskeeping, and security; and spending for heating, cooling, lighting, and property insurance.
- **Food service**—Salaries, benefits, food supplies, and other spending related to preparing, transporting, and serving meals and snacks.
- **Transportation**—Salaries, benefits, and other spending related to maintaining buses and transporting students to and from school and school activities.

Financial accounting data and internal controls—We evaluated the District's internal controls related to expenditure processing and scanned all fiscal year 2019 payroll and accounts payable transactions in the District's detailed accounting data for proper account classification and reasonableness. Additionally, we reviewed detailed payroll and personnel records for 30 of the 44 individuals who received payments in fiscal year 2019 through the District's payroll system and reviewed supporting documentation for 30 of the 485 fiscal year 2019 accounts payable transactions. After adjusting transactions for proper account classification, we reviewed fiscal year 2019 spending and prior years' spending trends across operational categories to assess data validity and identify substantial changes in spending patterns. We also evaluated other internal controls that we considered significant to the audit objectives. This work included reviewing the District's policies and procedures and, where applicable, testing compliance with these policies and procedures; reviewing controls over the District's relevant computer systems; and reviewing controls over reporting various information used for this audit. We did not identify any significant deficiencies in applicable internal controls.

Peer groups—We developed 2 peer groups for comparative purposes. To compare the District's student achievement, we developed a peer group using district poverty rates as the primary factor because poverty rate has been shown to be associated with student achievement. District type and location were secondary factors used to refine these groups. We used this peer group to compare the District's fiscal year 2019 student passage rates on State assessments as reported by the Arizona Department of Education (ADE). We also reported the District's ADE-assigned school letter grades. To compare the District's operational efficiency in administration, plant operations and maintenance, food service, and transportation, we developed a peer group using district size and location. We used these factors because they are associated with districts' cost measures in these areas.

For very small districts, such as Quartzsite ESD, increasing or decreasing student enrollment by just 5 or 10 students or employing even 1 additional part-time position can dramatically impact the district's costs per pupil in any given year. As a result, and as noted in the fiscal year 2019 *Arizona School District Spending* report, very small districts' spending patterns are highly variable and result in less meaningful group averages. Therefore, in evaluating the efficiency of the District's operations, less weight was given to various cost measures, and more weight was given to our observations made at the District.

Comparison areas	Factors	Group characteristics	Number of districts in peer group
Student achievement	Poverty rate District type Location	Between 28 and 31% Elementary school districts Towns and rural areas	9
Administration, plant operations and maintenance, food service, and transportation	District size Location	Fewer than 200 students Towns and rural areas	57

Source: Auditor General staff analysis of district poverty rates from the U.S. Census Bureau; location data from the National Center for Education Statistics; and district type, number of students, miles, and riders from the Arizona Department of Education.

Efficiency and effectiveness—In addition to the considerations previously discussed, we also considered other information that impacts spending and operational efficiency and effectiveness as described below:

- **Interviews**—We interviewed various District employees in the scoped operational areas about their duties. This included District and school administrators, department supervisors, and other support staff who were involved in activities we considered significant to the audit objectives. Additionally, we interviewed ADE-assigned district liaisons regarding the District's instructional program and grants applications.
- **Observations**—To further evaluate District operations, we observed various day-to-day activities in the scoped areas. This included facility tours, food service operations, and transportation services.
- **Report reviews**—We reviewed various summary reports of District-reported data including its *Annual Financial Report*, District-wide building reports provided by the School Facilities Board, transportation route reports provided by ADE, transportation safety reports provided by the Department of Public Safety, and reports required for the federal school lunch program. Additionally, we reviewed food service-monitoring reports from ADE and District-submitted compliance questionnaire results that its contracted external audit firm completed. Further, we reviewed the structural engineering consultant's report on the structural evaluation of Quartzsite Elementary School performed in November 2019.
- **Documentation reviews**—We reviewed various sets of District documentation including all credit card statements for fiscal year 2019, cash deposit documentation for September 2018, bus driver files for all 4 of the District's drivers, and bus maintenance and repair records for all 7 of the District's buses.

- **Analysis**—We reviewed and evaluated fiscal year 2019 spending on administration, plant operations and maintenance, food service, and transportation and compared it to peer districts'. We also compared the District's square footage per student, use of building space, building age, and meals served per student to peer districts'. Additionally, we reviewed the District's revenues and expenditures associated with its food service program to determine whether the District was covering all its costs.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to be projected to the entire population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE



Quartzsite School District #4

P.O. Box 130 Ehrenberg, AZ 85334-0130

Ehrenberg Elementary: 928-923-7900

Quartzsite Elementary: 928-460-5405

www.qsd4.org

October 16, 2020

Ms. Lindsey Perry,

Quartzsite School District has received and reviewed the Performance Audit conducted for fiscal year 2019. Quartzsite School District #4 would like to commend and extend appreciation to Joshua Lykins and his team for their professionalism and patience throughout the process.

The information shared has provided Quartzsite School District #4 an opportunity to make improvements towards continued efficiency and compliance.

Attached is the District's response to each finding and recommendation.

Sincerely,

Raquel Burton

Superintendent

Finding 1: District continued to operate 2 schools even though 1 posed significant safety concerns to students and staff and the other was large enough to serve all students

District Response: The District agrees with the finding.

Recommendation 1: The District should evaluate excess building space at its schools and determine and implement ways to reduce it, including considering whether to consolidate all students to 1 campus.

District Response: The District agrees with and plans on implementing the recommendation. The school board is currently discussing all options based on the needs of both of our school communities. The board will continue to discuss the topic of consolidating schools temporally based on School Facility Board decisions to repair buildings at Quartzsite Elementary.

Recommendation 2: District should ensure that any Quartzsite Elementary School buildings are safe before allowing any students or staff in them.

District Response: The District agrees with and plans on implementing the recommendation. The District has and will continue to make any repairs in buildings where students and staff are to ensure their safety.

Finding 2: District is not meeting requirements of State-mandated school improvement program designed to improve student achievement, resulting in more than \$200,000 in federal monies withheld

District Response: The District agrees with the finding.

Recommendation 3: The District should work with ADE to develop and implement required past due IAPs to improve its instructional program and students' academic achievement.

District Response: The District agrees with and plans on implementing this recommendation. The District has worked and will continue to work closely with ADE improvement team. Past due IAPs were recently submitted. The District will also monitor IAP's to improve instructional programs and ensure that students are making academic progress.

Recommendation 4: The District should ensure it performs the required comprehensive needs assessment and develops and submits any future required IAPs during the time frame specified by ADE and, once approved, implement all action steps.

District Response: The District agrees with and plans on implementing this recommendation. The District is working on ensuring that IAP's are submitted within the timeframe ADE has set forth. In addition, the District has designated a staff member to assist with data entry and ensure that plans are implemented, and action steps are followed.

