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AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

February 3, 2006

The Honorable Laura Knaperek, Chair  
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice-Chair  
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 24-month followup of the Agua Fria Union High School District's implementation status for the 6 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in December 2003. As the attached grid indicates:

- 4 recommendations have been implemented, and
- 2 recommendations are in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the District's efforts to implement the recommendations resulting from the December 2003 performance audit.

Sincerely,

Debbie Davenport  
Auditor General

DD/lg

Attachment

cc: Mr. Dudley Butts, Interim Superintendent  
Governing Board  
Agua Fria Union High School District

**AGUA FRIA UNION HIGH SCHOOL DISTRICT  
24-Month Follow-Up Report To  
Performance Audit Report Issued December 2003**

TOPIC: Administration

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should review its staffing levels to determine whether the number of administrative positions can be reduced.	Implemented at 18 months	
2. The District should follow competitive purchasing rules, including those related to sole source designations, when purchasing goods or services.	Implemented at 18 months	

TOPIC: Food Service—No Recommendations

TOPIC: Student Transportation—No Recommendations

TOPIC: Plant Operation and Maintenance

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should monitor its electricity and repair and maintenance costs to determine whether it is achieving the desired cost savings and improving energy efficiency. If the savings fall below expectations, the District should consider what other energy-efficiency measures it can take.	Implementation in Process	The District has been tracking electricity costs and usage at its three high schools. However, the District is not monitoring repair and maintenance costs.

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TOPIC:            Proposition 301 Monies

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should maintain proper documentation to verify that employees receiving performance pay have successfully completed the requirements.	Implemented at 18 months	

TOPIC:            Classroom Dollars

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 24 months	
2. The District should notify the State Board of Education about the expenditures in excess of the Maintenance and Operation and Unrestricted Capital Outlay Fund limits and file a revised annual financial report for fiscal year 2002.	Implementation in process	Laws 2005, Chapter 272, Section 8 requires the Arizona Department of Education, over a 3-year period beginning in fiscal year 2006, to reduce the District's state aid by 20 percent of the value of the chiller contracts entered into for fiscal years 2002 through 2005. The law also exempts the District from filing revised annual financial reports for fiscal years 2002 through 2005. In fiscal year 2005, the District recorded

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Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
		<p>approximately \$2 million as electricity costs, which again included \$1.25 million of chiller system costs. Further, this amount also reflected a vendor rate increase including retroactive rate increases for fiscal years 2002 through 2004 that totaled over \$137,000. During fiscal year 2006, the District began to appropriately classify the chiller's capital costs and repair and maintenance. The District terminated its chiller system contract as of February 1, 2006, and now owns all of the associated equipment. Since the contract's inception in fiscal year 2001, the District has paid over \$7.5 million for the chiller equipment and repair and maintenance services. According to the District, it will seek proposals for the equipment's ongoing maintenance needs.</p>

TOPIC: Desegregation—No Recommendations