



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Division of School Audits

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Performance Audit

# Cave Creek Unified School District

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June • 2012  
Report No. 12-06



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**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.

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**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

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

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

June 26, 2012

Members of the Arizona Legislature

The Honorable Janice K. Brewer, Governor

Governing Board  
Cave Creek Unified School District

Dr. Debbi Burdick, Superintendent  
Cave Creek Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Cave Creek Unified School District*, conducted pursuant to A.R.S. §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 of the findings and recommendations.

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

This report will be released to the public on June 27, 2012.

Sincerely,

Debbie Davenport  
Auditor General

**REPORT  
 HIGHLIGHTS**  
 PERFORMANCE AUDIT

**Our Conclusion**

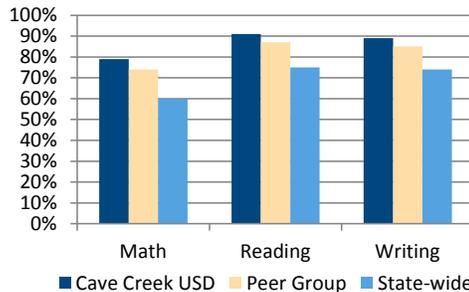
In fiscal year 2010, Cave Creek Unified School District's student achievement was higher than peer districts' and state averages. Further, the District operated efficiently overall, with costs that were lower than, or similar to, peer districts' in most operational areas. The District's administrative costs were slightly lower than peer districts', and its transportation program was reasonably efficient. Although the District's per-meal food service costs were slightly higher than peer districts', the program's revenues were sufficient to cover its costs. However, plant operations costs were higher than peer districts' because of higher electricity and water costs due to frequent community use of district buildings and fields, excess square footage, and the lack of an energy conservation plan.

**Higher student achievement and efficient operations**

**Student achievement higher than peer and state averages**—In fiscal year 2010, Cave Creek USD's student AIMS scores were higher than peer districts' and much higher than state averages. In addition, all of the District's eight schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act. Further, its 95-percent graduation rate was slightly higher than the 92-percent peer district average and much higher than the 78-percent state average.

administrative costs were slightly lower than peer districts' and its transportation program was reasonably efficient with similar or lower costs per pupil and per mile. The District's transportation costs per rider were higher because it transported its riders more miles, on average. Further, although food service per-meal costs were slightly higher than peer districts', the District's food service program revenues covered its costs. However, the District's plant operations costs were higher both per square foot and per pupil because of frequent community usage of its buildings and fields, maintaining more square footage per student, and not having an energy conservation plan or procedures.

**Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010**



**District operated efficiently overall**—In fiscal year 2010, Cave Creek USD's

**Per-Pupil Expenditures by Operational Area Fiscal Year 2010**

Operational Area	Cave Creek USD	Peer Group Average
Administration	\$ 719	\$748
Plant operations	1,011	874
Food service	286	322
Transportation	409	396

**District is working to address high plant operations costs**

In fiscal year 2010, Cave Creek USD's plant operations costs were 8 percent higher than peer districts' average per square foot and 16 percent higher per student. Costs were high primarily because of higher electricity and water usage, which was affected by frequent community use of the District's facilities, operating higher-than-average square footage per student, and the lack of a formal energy conservation plan. Both the District's electricity and water costs were more than 35 percent higher per square foot than peer districts'.

**Frequent community use of facilities**—According to district officials, community groups, such as churches, athletic clubs, and Boys and Girls Scouts, frequently rent district facilities. We reviewed 2 months' of facilities usage requests during fiscal year 2010 and found that community groups used the District's facilities an average of 600 hours each month. Information from one recently audited peer district showed that community rentals at that district averaged only about 300 hours each month. According to district officials, community use increased electricity and

water usage because the District has to heat or cool district buildings during nonschool times and water fields more frequently because of the increased wear and tear.

Further, although the District received rental fees from the community groups, the fees did not cover all of the District's additional costs to operate and maintain its facilities for community use. However, in fiscal year 2012, the District began looking at revising its facilities' usage fee schedules to help ensure it will be able to better cover its costs when renting out its facilities in the future.

**More building space**—Cave Creek USD's higher electricity costs were also due to its operating and maintaining 6 percent more square footage per student than the peer districts. The additional space occurred primarily at the District's elementary schools, which averaged 161 square feet per student, while the peer districts' elementary schools averaged 134 square feet per student. This was also double the 80 square feet per student state minimum standard for kindergarten through 6th-grade students. Operating more building space per student is costly because the majority of a district's funding is based on its number of students, not its amount of square footage.

As shown in the table below, in addition to having more space, Cave Creek USD's elementary schools operated well below their designed capacities, ranging from 45.9 percent full to 70.1 percent full. On average, the District's elementary schools operated at a 56-percent capacity usage rate, while the peer districts' elementary schools operated at a 74-percent capacity usage rate.

In fiscal year 2011, the District closed one of its middle schools. However, even with this school

closure, the District's elementary schools' average capacity rate rose to only 66 percent in fiscal year 2011.

**No formal energy conservation plan**—Cave Creek USD did not have a formal energy conservation plan in place during fiscal year 2010. As a result, the District had several inefficient energy practices during that fiscal year. For example, the District's exterior lights were left on from dusk to dawn, and the District cooled school buildings until 9 p.m. on weeknights, even if they were unoccupied.

**District making efforts to reduce energy consumption and costs**—Since fiscal year 2010, Cave Creek USD has implemented several energy-saving measures. For example, the District has set formal heating and cooling temperature policies, and it enforces these policies through a centrally controlled energy management system. The District also replaced and upgraded outdated equipment, such as lighting and water fixtures and central plant heating and cooling equipment, with more efficient models, and began shutting off all external lights at midnight each day. As a result, the District expects to save nearly \$312,000 annually. Finally, the middle school closure in fiscal year 2011 should help lower electricity usage and costs.

**Recommendations**—The District should:

- Continue analyzing the prices it charges community groups for the use of its facilities.
- Review its building capacity usage to determine whether any schools or sections of schools can be closed to reduce maintenance and utility costs.
- Continue its efforts to reduce energy and water costs.

**Number of Students, Capacity, and Capacity Rate by Elementary School  
Fiscal Year 2010  
(Unaudited)**

School Name	Number of Students	Capacity	Capacity Usage
Black Mountain Elementary School	503	1,097	45.9%
Desert Sun Elementary School	416	829	50.2
Desert Willow Elementary School	592	845	70.1
Horseshoe Trails Elementary School	498	899	55.4
Lone Mountain Elementary School	527	885	59.5

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# DISTRICT OVERVIEW

Cave Creek Unified School District is located in Maricopa County, approximately 30 miles northeast of downtown Phoenix. In fiscal year 2010, the District served 5,608 students at its eight schools: five kindergarten-through-6th-grade elementary schools, two 7th-through-8th-grade middle schools, and one 9th-through-12th-grade high school.

In fiscal year 2010, Cave Creek USD compared favorably with peer districts in student achievement, with AIMS scores higher than peer districts' and much higher than state averages.<sup>1</sup> Further, the District operated efficiently overall, with costs that were lower than or similar to peer districts' in all areas except plant operations. The District operated its administration and transportation program with per-pupil costs that were slightly lower than peer districts', and its food service program had mixed costs but operated efficiently overall. However, the District should take steps to lower its higher-than-average plant operations costs.

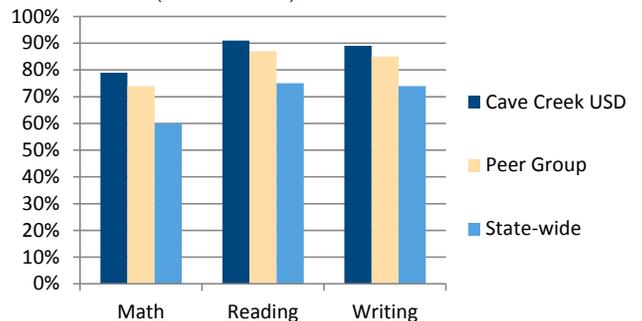
## Student achievement higher than state and peer districts' averages

In fiscal year 2010, 79 percent of the District's students met or exceeded state standards in math, 91 percent in reading, and 89 percent in writing. As shown in Figure 1, these scores were higher than peer districts' and much higher than the state averages. In that same fiscal year, all of the District's eight schools met all "Adequate Yearly Progress" objectives for the federal No Child Left Behind Act. In addition, the District's fiscal year 2010 graduation rate of 95 percent was higher than the peer group average of 92 percent and much higher than the state average of 78 percent.

## District operated efficiently overall

As shown in Table 1, in fiscal year 2010, Cave Creek USD spent about \$200 less per pupil overall when compared to peer districts, and its classroom spending was about \$300 less than the peer district average. The District's plant operations costs, which were about \$140 more per pupil than the peer districts' average, were the main factors contributing to the lower classroom spending.

Figure 1: Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010 (Unaudited)



Source: Auditor General staff analysis of fiscal year 2010 test results on Arizona's Instrument to Measure Standards (AIMS).

<sup>1</sup> Auditors developed two peer groups for comparative purposes. See page a-1 of this report's Appendix for further explanation of the peer groups.

Administrative costs were slightly lower—At \$719 per pupil, the District’s administrative costs were slightly lower than the peer districts’ average of \$748.

Higher plant operations costs—In addition to being higher on a per-pupil basis, the District’s \$6.14 per-square-foot plant operations costs were 8 percent higher than the peer districts’ average of \$5.70 per square foot. These higher costs resulted from the District’s higher utilities costs, its maintaining more square feet per student than peer districts, and its lack of an energy conservation plan or procedures. (See Finding 1, page 3.)

Food service costs per meal slightly higher, but program revenues cover costs—Cave Creek USD’s per-pupil food service costs were lower than peer districts’ only because it served 17 percent fewer meals per student. The District’s \$2.80 cost per meal was about 5 percent higher than the peer district’s average of \$2.66 primarily because the District regularly offered vendor-prepared meals, which were more expensive than district-prepared meals. However, because the District charged students higher prices for the vendor-prepared meals, the District’s food service program revenues were sufficient to cover its costs. Therefore the higher per-meal costs did not require a district subsidy, which would lower the amount of money available for classroom spending.

Transportation program reasonably efficient—Cave Creek USD’s transportation costs were similar to or lower than peer districts’ costs on a per-pupil and per-mile basis, but its costs per actual rider were considerably higher. Per-rider costs were higher because the District transported students 20 percent more miles for a similar number of riders. Although the transportation program is reasonably efficient, the District struggled with keeping certain bus routes full because many of the District’s students live far from the schools they attend. Specifically, all of the District’s schools are located within the southwestern portion of the District’s boundaries while students are spread throughout the District. Therefore, at least 20 percent of district buses traveled over 100 miles each day with ride times of an hour or more for students who live in other parts of the District. The District could potentially reduce certain operating costs, such as fuel, if it could send smaller buses or vehicles instead of full-size buses on these longer, lower-ridership routes. However, the District does not have smaller buses available at this time.

Table 1: Comparison of Per-Pupil Expenditures by Function Fiscal Year 2010 (Unaudited)

Spending	Cave Creek USD	Peer Group Average	State Average
Total per pupil	\$6,892	\$7,096	\$7,609
Classroom dollars	3,576	3,889	4,253
Nonclassroom dollars			
Administration	719	748	721
Plant operations	1,011	874	914
Food service	286	322	366
Transportation	409	396	342
Student support	602	578	581
Instructional support	289	289	432

Source: Auditor General staff analysis of fiscal year 2010 Arizona Department of Education student membership data and district-reported accounting data.

# FINDING 1

## District working to address its high plant operations costs

In fiscal year 2010, Cave Creek USD's per-square-foot plant operations costs were 8 percent higher than the peer districts' average and 16 percent higher per student. Costs were high primarily because of higher energy and water usage, which were affected by frequent community use of the District's facilities, higher-than-average square footage per student, and the lack of a formal energy conservation plan. However, since fiscal year 2010, the District has closed a school, undergone an energy assessment, and implemented some energy conservation practices to help control its energy usage.

## High utilities costs drive high plant operations costs

In fiscal year 2010, Cave Creek USD's \$6.14 per-square-foot plant operations costs were 44 cents higher than the peer districts' average, and its \$1,011 per-pupil costs were \$137 higher. As shown in Table 2, the District's electricity costs were 49 cents higher per square foot than the peer districts' average, while water costs were 14 cents per square foot higher—in both cases, a difference of more than 35 percent. Three factors contributed to the difference: (1) frequent community use of facilities,) (2) larger-than-average facilities, and (3) the lack of a formal energy conservation plan.

Table 2: Comparison of Costs Per Square Foot  
Fiscal Year 2010  
(Unaudited)

District	Total Plant Operations Costs	Electricity Costs	Water Costs
Cave Creek USD	\$6.14	\$1.80	\$0.52
Average of the peer group	5.70	1.31	0.38

Source: Auditor General staff analysis of fiscal year 2010 School Facilities Board square footage information and district-reported accounting data.

**Frequent community use of facilities**—The community's use of the District's facilities and fields after school and during weekends and school breaks are a contributor to the District's higher energy and water consumption and costs. According to district officials, Cave Creek USD experiences frequent community use of the District's facilities through the year. Auditors reviewed 2 months of facilities usage requests during fiscal year 2010 and found that community groups used the District's buildings, gyms, or fields an average of 600 hours each month. Therefore, the District operated and maintained its facilities and grounds an additional 600 hours each month beyond what was needed for normal school operations. Information about community use of facilities was not readily available from most districts in the peer group, but information available

from one recently audited peer district showed that community rentals at that district averaged only about 300 hours per month. Cave Creek USD’s facilities were used by various community groups, such as churches, athletic clubs, Girl Scouts and Boy Scouts, and arts groups. Although statutorily the District is able to rent its facilities to community groups such as these, the additional use increases utility consumption and costs in the following ways:

- **More frequent and year-round watering**—According to district officials, the additional wear and tear on the fields requires more watering to maintain the grass in good condition. Further, because the fields continue to be used over the summer break, the District waters several of its fields more often during that time than it would otherwise need to. Three recently audited districts within Cave Creek’s peer group reported that they do not water their fields during the summer months.
- **Increased energy use**—Community use of the buildings or gyms during the evenings and nonschool days requires heating and cooling of rooms or buildings at more comfortable temperatures than would have otherwise been required, increasing energy consumption. Further, the District cools some of its schools using chillers rather than air conditioners. However, according to district officials, the chillers operate less efficiently when they are used to cool only a room or building rather than when they are used to cool an entire school.

Further, although the District received rental fees from the community groups, the fees did not cover all of the District’s additional costs to operate and maintain its facilities for community use. However, in fiscal year 2012, the District began looking at revising its facilities’ usage fee schedules to help ensure it will be able to better cover its costs when renting out its facilities in the future. Arizona Revised Statutes (A.R.S.) §15-1105 requires that districts charge fees that are at least equal to their costs for utilities, services, supplies, or personnel that they provide when renting their facilities.

**More building space and schools operating below capacity**—Another reason for the District’s high energy costs is that it had more square footage to heat and cool than the peer districts, on average. Overall, the District operated and maintained 165 square feet per student, which was 6 percent higher than the peer districts.

The District’s additional space occurred primarily at its elementary schools, which operated with an average of 161 square feet per student. This was 20 percent more than the 134 square feet per pupil averaged by the peer districts’ elementary schools and is double the State’s minimum square-feet-per-student standard of 80 square feet for students in kindergarten through 6th grade established by the Arizona School Facilities Board. Additionally, in fiscal year 2010, the District’s five elementary schools operated at an average capacity rate of only 56 percent. On average, the peer districts’ elementary schools operated at an average of 74

**Table 3:** Number of Students, Capacity, and Capacity Rate by Elementary School Fiscal Year 2010 (Unaudited)

School Name	Number of Students	Capacity	Capacity Usage
Black Mountain Elementary School	503	1,097	45.9%
Desert Sun Elementary School	416	829	50.2
Desert Willow Elementary School	592	845	70.1
Horseshoe Trails Elementary School	498	899	55.4
Lone Mountain Elementary School	527	885	59.5

Source: Auditor General staff analysis of district-reported fiscal year 2010 average daily membership information obtained from the Arizona Department of Education and fiscal year 2010 gross square footage and designed capacity information obtained from the Arizona School Facilities Board.

percent capacity. Maintaining more building space per student is costly to the District since the majority of its funding is based on its number of students, not its amount of square footage.

In fiscal year 2011, the District closed its Desert Arroyo Middle School to reduce administrative and plant operations costs. Even with the school closure, however, the District's elementary schools' average capacity rose to only 66 percent, which is still low compared to peer districts. In light of the excess capacity even after closing a school, the District should continue to evaluate how to reduce its excess capacity.

**No formal energy conservation plan**—The District did not have a formal energy conservation plan in place during fiscal year 2010. Energy conservation plans typically (1) establish acceptable room temperatures and light settings for different times of the day, (2) require that energy consumption be monitored, and (3) set criteria for equipment use, such as not allowing teachers to keep mini refrigerators, space heaters, and coffeemakers in their classrooms. The lack of a formal energy conservation plan resulted in the District's having several inefficient energy practices during fiscal year 2010. For example, district officials stated that it was their practice to leave all of the District's exterior lights on from dusk to dawn, including parking lot lights and school building lights. Further, the District cooled school buildings until 9 pm on weeknights, even if they were unused by school or community groups in the evenings. As a result, electricity was being consumed even when the District's buildings and grounds were unoccupied.

## District has made efforts to reduce energy consumption and costs

Although the District does not have a formal energy conservation plan in place, it has implemented several energy-saving measures since fiscal year 2010:

- **Temperature settings**—In fiscal year 2011, the District set formal heating and cooling temperature policies, and it enforces these policies through a centrally controlled energy management system.
- **Lighting timing**—The District is also conserving energy by having all external lights shut off at midnight each day, including parking lot lights and outside building lights.
- **Guaranteed energy savings contract**—During fiscal year 2011, the District began an energy savings project to replace and upgrade some older equipment with newer, more efficient models. The cost of the project, including financing, is \$5.42 million, paid over 15 years. The estimated annual savings after project payments will be nearly \$312,000. The project included upgrading lighting fixtures, water fixtures, and energy management systems at three schools and the transportation building, and replacing or repairing central plant cooling and heating equipment. The project was completed in early fiscal year 2012.
- **School closure**—Although it did not calculate the specific amount it expects to save, the District's closure of one of its middle schools in fiscal year 2011 is anticipated to contribute to lower energy costs.

## Recommendations

1. The District should continue analyzing the prices it charges community groups for the use of its facilities to ensure the fees better reflect the District's costs as required by A.R.S. §15-1105.
2. The District should review its building capacity usage to determine whether additional schools or unused sections of schools can be closed to reduce maintenance and utility costs.
3. The District should continue its efforts to reduce its energy and water usage to lower costs.

# OTHER FINDINGS

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In addition to the main finding presented in this report, auditors identified two other less significant areas of concern that require district action. These additional findings and their related recommendations are as follows:

## 1. District did not accurately report its costs

Cave Creek USD did not consistently classify its fiscal year 2010 expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its annual financial report did not accurately reflect its costs, including both classroom and nonclassroom expenditures. Auditors identified classification errors totaling approximately \$1.6 million of the District's total \$38.6 million in current spending.<sup>1</sup> The dollar amounts shown in the tables and used for analysis in this report reflect the necessary adjustments.

### Recommendation

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

## 2. Some Classroom Site Fund monies paid to ineligible employees

In fiscal year 2010, the District paid Classroom Site Fund (CSF) monies to four ineligible employees who were not directly involved in student instruction. According to the Attorney General's definition of a teacher, only those employed to provide instruction to students related to the school's educational mission are eligible to receive CSF monies. Auditors reviewed all 315 employees who received CSF monies in fiscal year 2010 for eligibility and found that the District paid salary increases and performance pay to four positions, such as coordinators and facilitators, that were not involved in student instruction. Instead, these positions helped support instructional staff. These positions were paid nearly \$10,000 in CSF monies in fiscal year 2010.

### Recommendation

The District should ensure that only eligible employees receive Classroom Site Fund monies.

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<sup>1</sup> Current expenditures are those incurred for the District's day-to-day operation. For further explanation, see Appendix, page a-1.



# APPENDIX

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## Objectives, Scope, and Methodology

The Office of the Auditor General has conducted a performance audit of the Cave Creek Unified School District pursuant to A.R.S. §41-1279.03(A)(9). Based in part on their effect on classroom dollars, as previously reported in the Auditor General's annual report, *Arizona School District Spending (Classroom Dollars report)*, this audit focused on the District's efficiency and effectiveness in four operational areas: administration, plant operations and maintenance, food service, and student transportation. To evaluate costs in each of these areas, only current expenditures, primarily for fiscal year 2010, were considered.<sup>1</sup> Further, because of the underlying law initiating these performance audits, auditors also reviewed the District's use of Proposition 301 sales tax monies and how it accounted for dollars spent in the classroom.

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2010 summary accounting data for all districts and Cave Creek USD's fiscal year 2010 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff.

To analyze Cave Creek USD's operational efficiency, auditors selected a group of peer districts based on their similarities in district size, type, and location. This operational peer group includes Cave Creek USD and the ten other high school and unified districts that also served between 2,000 and 7,999 students and were located in city/suburb areas. Within this operational peer group, auditors also developed a subset of six districts that were being audited for their fiscal year 2010 operations. Auditors compared the more detailed accounting and staffing level data that was available for these districts. To compare districts' academic indicators, auditors developed a separate student achievement peer group using poverty as the primary factor, because poverty has been shown to be strongly related to student achievement. Auditors also used secondary factors such as district type, size, and location to further refine these groups. Cave Creek USD's student achievement peer group includes Cave Creek USD and the 13 other unified districts that also served student populations with poverty rates between 5 and 14 percent. Additionally:

- To assess the District's student achievement, auditors reviewed the Arizona's Instrument to Measure Standards (AIMS) passing rates, "Adequate Yearly Progress" for the federal No Child Left Behind Act, and high school graduation rates. AIMS passing rates were compared to the state-wide average and the average of the student achievement peer districts.

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<sup>1</sup> Current expenditures are those incurred for the District's day-to-day operations. They exclude costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade-12 education.

- To assess whether the District's plant operations and maintenance function was managed appropriately and functioned efficiently, auditors reviewed and evaluated fiscal year 2010 plant operations and maintenance costs and district building space, and compared these costs and capacities to peer districts'. Auditors also reviewed utilities consumption and costs for fiscal year 2010 and interviewed district staff about water and energy usage practices.
- To assess the District's financial accounting data, auditors evaluated the District's internal controls related to expenditure processing and reviewed transactions for proper account classification and reasonableness. Auditors also evaluated other internal controls that were considered significant to the audit objectives.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2010 expenditures to determine whether they were properly accounted for and appropriate. Auditors also reviewed the District's performance pay plan and analyzed how performance pay was being distributed.
- To assess whether the District's administration effectively and efficiently managed district operations, auditors evaluated administrative procedures and controls at the district and school level, including reviewing personnel files and other pertinent documents and interviewing district and school administrators about their duties. Auditors also reviewed and evaluated fiscal year 2010 administration costs and compared these to peer districts'.
- To assess the District's computer information systems and network, auditors evaluated certain controls over its logical and physical security, including user access to sensitive data and critical systems, and the security of servers that house the data and systems. Auditors also evaluated certain district policies over the system such as data sensitivity, backup, and recovery. No significant issues were identified.
- To assess whether the District's food service program was managed appropriately and functioned efficiently, auditors reviewed fiscal year 2010 food service revenues and expenditures, including labor and food costs, compared costs to peer districts', reviewed the Arizona Department of Education's food service monitoring reports, and observed food service operations.
- To assess whether the District's transportation program was managed appropriately and functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, bus maintenance and safety records, bus routing, and bus capacity usage. Auditors also reviewed fiscal year 2010 transportation costs and compared them to peer districts'.

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.

The Auditor General and her staff express their appreciation to the Cave Creek Unified School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

# DISTRICT RESPONSE

DISTRICT RESPONSE

June 19, 2012

State of Arizona  
Office of the Auditor General  
Debra Davenport, Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018



Ms. Davenport,

Cave Creek Unified School District (CCUSD) respectfully submits our response to the Performance Audit for Fiscal Year 2010, which was conducted in conformity with Arizona Revised Statute (A.R.S.) §41-1279.03. CCUSD understands that this Statute requires all Arizona public school districts to undergo a specialized audit to assess a District's comparative expenditure patterns with similar sized districts.

CCUSD welcomes the opportunity to improve our organization and appreciates the Auditor General staff that was assigned to our District in regard to their professionalism while interacting with our staff. The AG's staff was sensitive to the additional time necessary for completion of this audit and was willing to consider the rationale for methods of financial management needed to effectively serve the students of CCUSD, while remaining in compliance with Federal, State and Local regulations.

CCUSD appreciates the auditor's recognition of our student achievement, with AIMS scores higher than peer districts' scores and much higher than state averages. We further appreciate the acknowledgement that the District operated efficiently overall, with costs that were lower than or similar to peer districts' costs in all areas except plant operations and that the District operated its administration and transportation program with per-pupil costs that were slightly lower than peer districts' costs.

The Performance Audit lists one main finding regarding plant operation costs and two other less significant findings in the areas of account code selection. On the following pages, in compliance with the requirements of A.R.S. §41-1279.03, CCUSD has addressed each recommendation in the report, stating whether the District:

- 1) Does or does not agree with the findings and recommendation, and
- 2) Will implement the recommendation, will implement a modification to the recommendation, or will not implement the recommendation.

Please contact us if you have any questions regarding our response.

Sincerely,

Dr. Debbi Burdick  
CCUSD Superintendent

Cc: Kent Frison, Ph.D., Associate Superintendent of Operations and Finance  
Governing Board, Cave Creek Unified School District  
Ross Ehrick, Division of School Audits Director  
Ann Orrico, Division of School Audits Manager

## Recommendations

### Plant Operations Costs

- 1) The District should continue analyzing the prices it charges community groups for the use of its facilities to ensure the fees better reflect the District's costs as required by A.R.S. §15-1105.

*The District agrees it should continue the analysis of prices it charges community groups for use of its facilities. A recent analysis has been completed, with a new fee schedule to be presented to the Governing Board for approval, on July 10<sup>th</sup>, 2012. The district will continue to update the analysis of facilities fees annually and make adjustments as appropriate.*

- 2) The District should review its building capacity usage to determine whether additional schools or unused sections of schools can be closed to reduce maintenance and utility costs.

*The District agrees it should review its building capacity to determine usage. In 2010-2011, the District closed Desert Arroyo Middle School in an effort to maximize building capacity and reduce maintenance and utility costs. Additionally, in 2011-2012, a site-by-site, room-by-room walk-through was conducted to analyze each square foot of the District and determine whether any use of schools and/or sections of schools required adjustments that might provide opportunities to reduce maintenance and utility costs. Due to current enrollment numbers and the efficiency of District site allocations, no additional adjustment to school use is foreseen at this time.*

- 3) The District should continue its efforts to reduce its energy and water usage to lower costs.

*The District agrees it should continue efforts to reduce energy and water usage to lower costs and has recently completed an Energy and Water Conservation Plan using Performance Contracting. The District anticipates significant savings, which are guaranteed by the vendor, as part of this contract.*

### **Expenditure Classification**

- 1) The district should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

*The District agrees it should consistently classify expenditures in accordance with the Uniform Chart of Accounts for school districts. The District has updated the expenditure classifications, identified by the auditors, for the current year and will continue to review and identify coding practices. The District will provide additional training to staff tasked to review expenditure coding to ensure on-going compliance with existing Uniform Chart of Accounts, as well as update notifications when changes are issued to the Uniform Chart of Accounts for school districts.*

### **Classroom Site Fund Classification**

- 1) The district should ensure that only eligible employees receive Classroom Site Fund monies.

*The District agrees it should ensure that only eligible employees receive Classroom Site Fund monies and has corrected the eligibility list as clarified by the Auditor General, for the current fiscal year. Prior to our Performance Audit, CCUSD determined eligibility for Classroom Site Fund monies as understood from the definition of a certified "teacher", provided by Attorney General Opinion I01-014. Recent clarification to that definition requires that CCUSD remove from the eligibility list any certified teacher whose job description indicates that more than 50% of their time is spent counseling students, providing professional development for certified teachers or mentoring other certified teachers. The District will provide on-going training for staff responsible for implementing the District Classroom Site Fund Plan, to comply with the current definition and to ensure that our definition is reviewed annually for compliance, in the event that Classroom Site Fund eligibility is further updated and/or clarified.*

