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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

March 5, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Chester Crandell, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Crandell:

Our Office has recently completed a 24-month followup of the Flowing Wells Unified School District's implementation status for the 4 audit recommendations presented in the performance audit report released in February 2012. As the enclosed grid indicates:

- 1 recommendation has been implemented;
- 2 recommendations are in the process of being implemented; and
- 1 recommendation has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the February 2012 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Dr. David Baker, Superintendent
Governing Board
Flowing Wells Unified School District

FLOWING WELLS UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued February 2012 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District reduced classroom spending and shifted monies to other functional areas	
1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 12 months
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.	<p>Not implemented</p> <p>Since fiscal year 2010, the audited year, the District has continued to shift monies away from the classroom. Similar to the finding in the audit report, the District had less funding available in fiscal year 2013 than in fiscal year 2010, but the cuts came primarily from the classroom. Between fiscal years 2010 and 2013, the District's total spending decreased by \$253 per pupil, of which 89 percent, or \$225 per pupil, came out of the classroom. As a result, the District's percentage of resources directed into the classroom dropped from 53.5 percent in fiscal year 2010 to 52.3 percent in fiscal year 2013, continuing its decline from the 58.4 percent directed into the classroom in fiscal year 2009.</p>
FINDING 2: Higher plant costs related to higher staffing levels, more experienced staff, and high energy usage	
1. The District should review its staffing levels to determine if it can reduce plant operations costs.	<p>Implementation in process</p> <p>Since the audit year, the District has decreased its plant operations salary and benefit costs by about \$175,000, or 6.6 percent. However, the District's fiscal year 2013 plant operations salary and benefit costs were still 54 percent higher per square foot than peer districts averaged. District officials stated that they will continue to evaluate plant operations staffing levels to determine if additional reductions in plant operations costs can be made.</p>

Recommendation**Status/Additional Explanation**

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

Implementation in process

As reported in previous followups, the District developed and implemented an energy conservation plan that included reducing energy consumption and upgrading and retrofitting existing equipment. Since the audit year, the District has decreased its electricity costs by about \$143,000, or 10 percent. However, the District's fiscal year 2013 electricity costs were still 18 percent higher per square foot than peer districts averaged. Therefore, the District should continue to review its electricity usage in an effort to further reduce its costs.
