CITY AUDITOR'S OFFICE

Parks & Recreation Intergovernmental Agreements

September 8, 2010 **AUDIT REPORT NO. 1102**

CITY COUNCIL
Mayor W.J. “Jim” Lane
Lisa Borowsky
Wayne Ecton
Vice Mayor Suzanne Klapp
Robert Littlefield
Ron McCullagh
Marg Nelssen

September 8, 2010

Honorable Mayor and Members of the City Council:

Enclosed is the audit report on *Parks & Recreation Intergovernmental Agreements*. Community Services management, responsible for administration of the intergovernmental agreements, requested the audit of this program.

This audit concludes that the department's intergovernmental agreements with the school districts are generally meeting their intent to maximize public recreational opportunities through shared facility use. Areas identified for improvement include ensuring agreement terms are followed, tracking accurately and monitoring use of shared facilities, and removing from the City's depreciation schedule the facilities given to one school district.

We would like to thank Community Services staff for their cooperation and assistance throughout the audit.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

Sharron Walker

Sharron Walker, CPA, CFE
City Auditor

Audit Team:

Lisa Gurtler, Assistant City Auditor
Kyla Anderson, Senior Auditor
Lee Pettit, Senior Auditor

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EXECUTIVE SUMMARY

This Parks & Recreation Intergovernmental Agreements (IGAs) audit, requested by Community Services management, was included on the FY 2010/11 Audit Plan approved by City Council. The primary audit objective was to review Parks & Recreation agreements with Scottsdale (SUSD), Cave Creek (CCUSD), and Paradise Valley (PVUSD) Unified School Districts to determine whether the agreements provide equal benefit to all parties. Additionally, we evaluated whether there were opportunities to improve program administration.

The IGAs are generally meeting their intent to maximize public recreational opportunities through shared facility use. In FY 2009/10, the City used school district facilities for more than 9,100 hours, while the districts used City facilities for about 7,400 hours. The estimated value of IGA benefits received by the City in FY 2009/10 totaled almost $359,000. The three school districts benefited by more than $487,000, with SUSD receiving about 99% of the estimated value.

The following areas were noted where improvements can be made:

- *Administrative oversight of the IGAs.* The City and school district IGAs include various requirements of both parties, but some are not followed. Areas for improved compliance include facility scheduling; preapproving and reviewing out-of-pocket costs; and not operating with an expired agreement. For example, out-of-pocket costs were not being preapproved, and a more effective review of costs could potentially have saved $35,000 in the last two fiscal years. Additionally, the term of many IGAs were for excessive periods of time. Many of these agreements have terms of 20 years or more, while others automatically renew or do not have a termination date.
- *Reporting and monitoring of shared facilities.* The Parks & Recreation department's existing information system, CLASS, is available for the scheduling, registration and billing of shared-facilities use through the IGAs. However, relevant information is not recorded accurately, reported or monitored.
- *Correction of the City's depreciation schedule.* Assets that were constructed and given to SUSD have been erroneously included on the City's asset list. Although not material to the City's financial statements, this causes depreciation costs to be overstated by $48,000.

BACKGROUND

The stated mission of the Parks & Recreation department, within the Community Services Division, is to provide recreation activities to improve the quality of life for all segments of the community, which includes youth, adults and families. To maximize the shared use of City and District facilities for public recreational purposes, the department has entered into intergovernmental agreements (IGAs) with the Scottsdale (SUSD), Cave Creek (CCUSD) and Paradise Valley (PVUSD) Unified School Districts.

The Parks & Recreation Director, in conjunction with the Contract Administrator and other management staff, is responsible for compliance with and oversight of the 19 IGAs that provide for facility sharing and City funding. City facilities available for school use include community centers, sport fields and four aquatic centers associated with the City's 40 parks. School facilities available for City use include gymnasiums, classrooms and sport fields at 35 district facilities. More specifically, the agreements include the following:

Scottsdale Unified School District (16 agreements)

- Master Agreement authorizing the shared use of City and SUSD facilities at no charge
- Joint use of Redfield Elementary School and Thunderbird Park; Cheyenne K-8 School and Aztec Park; Desert Canyon Elementary and Middle Schools and McDowell Mountain Ranch Park; and Copper Ridge K-8 School and adjoining City property
- City-funded field lighting installation and maintenance at Cocopah Middle, Laguna Elementary, Mohave Middle, Pima Elementary, Yavapai Elementary and Supai Middle Schools
- City-funded field maintenance, rehabilitation and/or improvements at Apache Park and Early Childhood Development Center, and Copper Ridge K-8, Cocopah Middle, Cochise Elementary, Kiva Elementary, Laguna Elementary, Mohave Middle, Navajo Elementary, Pima Elementary, Pueblo Elementary, Sequoya Elementary and Supai Middle Schools
- City-constructed concession building, parking lot and field lighting at Copper Ridge K-8 School and a City-constructed room primarily used for a City After School program at Cheyenne K-8 School
- City-funded ball field and ball field lighting construction at Yavapai Elementary School
- City-provided annual funding for a substance abuse and violence prevention program

Paradise Valley Unified School District (two agreements)

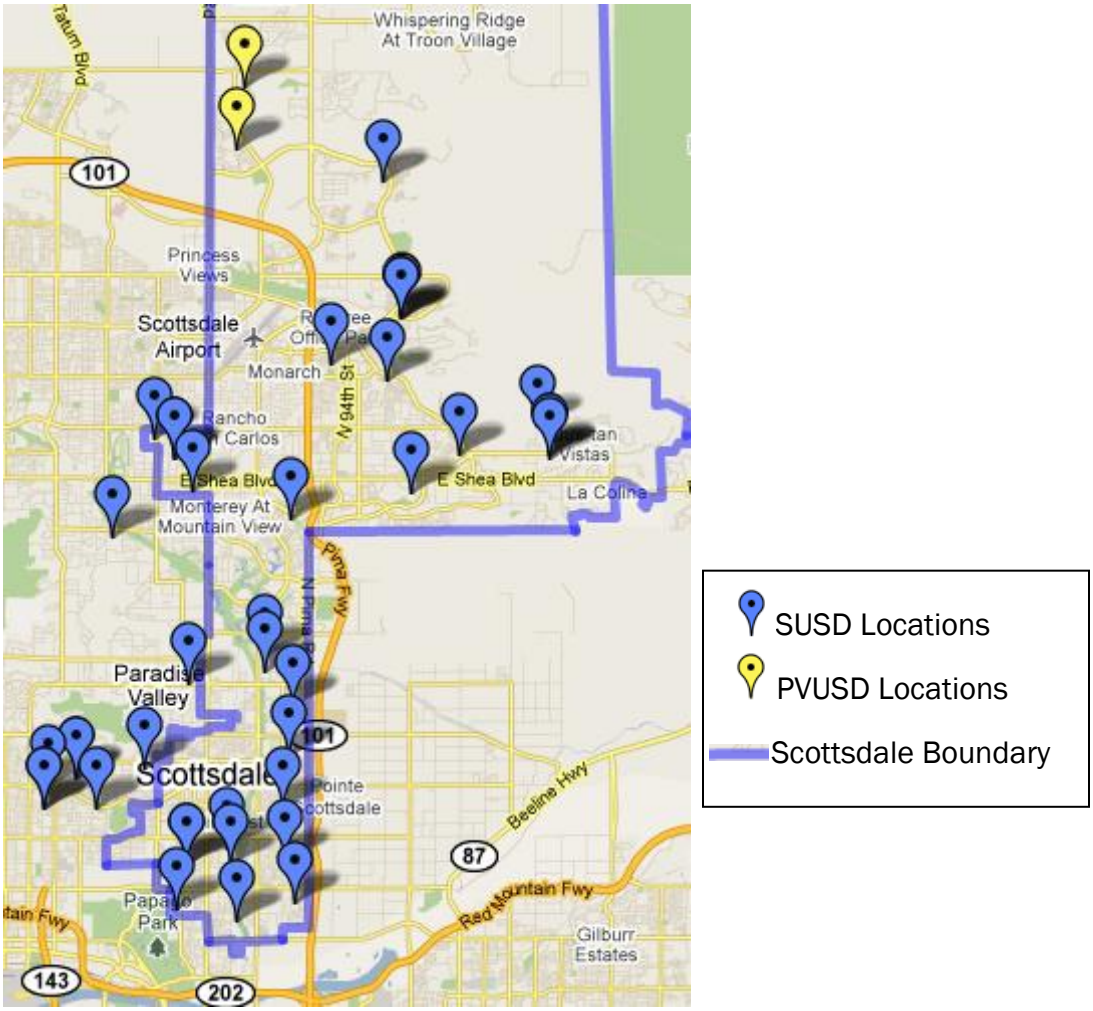
- Joint use of Grayhawk Elementary School and Grayhawk Park, and Pinnacle Peak Elementary School and Sonoran Hills Park

Cave Creek Unified School District (one agreement)

- A general agreement indicating a desire to maximize shared use of facilities

Map 1 shows the SUSD and PVUSD locations, including those located outside City boundaries, that are covered by these intergovernmental agreements. There are currently no specific CCUSD locations included in the agreements.

Map 1: SUSD & PVUSD Shared / Joint Use Locations



SOURCE: Google Maps and auditor analysis of Parks & Recreation intergovernmental agreements with the school districts.

<u>SUSD Master Agreement</u>

A Master Agreement, dated April 30, 2001, generally governs the sharing of City and SUSD facilities. However, terms of the 15 other agreements vary as to ownership of assets, field maintenance/lighting responsibilities, monetary obligations and term length.

While the Master Agreement provides the City and SUSD preferential use of each other's facilities at no charge, the using party can be charged for preapproved out-of-pocket expenses that would not otherwise be incurred. The City's annual out-of-pocket costs for FY 2008/09 and FY 2009/10 ranged between $16,000 and $18,000, primarily for staffing pools for after hours use. SUSD annual out-of-pocket costs totaled approximately $15,000, primarily for custodial services.

Estimated Value of IGA Benefits

Through the IGAs, the City benefits by avoiding the rental fees that SUSD normally charges for use of its gymnasiums, classrooms and sports fields. The City uses these facilities for After School/Summer programs, Adapted Recreation Services[1] and Youth and Adult Sport activities. SUSD benefits from City funding for a substance abuse and violence prevention program and District maintenance staff, maintenance of ten District-owned properties, and free use of City community centers and pools (exclusive of out-of-pocket costs). Both the City and SUSD benefit from joint use of numerous school/park facilities. Typically, during school hours, the District has access to use an adjoining park as a playground, and the City schedules the park use at other times.

Unlike the SUSD, neither the Cave Creek nor Paradise Valley school districts have a no-cost shared use facilities agreement with the City. However, CCUSD uses a City pool, and PVUSD and the City share use of two schools and related park facilities.

In addition to facility sharing, SUSD and PVUSD have benefited by receiving assets from the City as part of the agreements. Most agreements state that any improvements made by the City on district-owned property belong to the District, although the City continues to maintain and use the improvements and pay utilities. While the City or the District can terminate the applicable IGAs at any time, the District would be required to pay the City a specified value for the improvements identified in Table 1.

[1] Adapted Recreation Services provides recreation programs designed to meet the needs of people with disabilities.

Table 1 City Improvements to District Property

Property	Improvement *In-Service Date*	District Repayment if Agreement Terminated** *Construction Cost*
SUSD Apache Facility	Apache Park *June 2002*	Remaining book value after depreciation *$1,203,622*
SUSD Yavapai Elementary School	Ball field and lighting (improvements partly on City's Vista del Camino Park) *June 2009*	Remaining book value after depreciation of lighting system *Detailed records were not available to determine which portion of a $3,109,202 capital expense was for the District improvements. However, $149,375 was for the lighting system.*
SUSD Cheyenne K-8 School	1000 square foot room (built onto the school) & Aztec Park (partly on City land) *October 2004*	Either party may claim unspecified monetary damages *Detailed records were not available to determine which portion of a $1,101,268 capital expense was for the District improvement.*
SUSD Redfield Elementary School	Ball field and lighting (partly on City's Thunderbird Park) *June 1991*	Remaining book value after depreciation of lighting system *Detailed records were not available to determine which portion of a $50,745 capital expense was for the District improvement.*
SUSD Copper Ridge K-8 School	Outdoor lighting, parking lot, restroom/concession building *July 2001**	Either party may claim unspecified monetary damages *†not available*
SUSD Cocopah Middle School	Ball field lighting *August 1991**	Remaining book value after depreciation ** *†not available*
SUSD Laguna Elementary School	Ball field lighting *August 1991**	Remaining book value after depreciation ** *†not available*
SUSD Mohave Middle School	Ball field lighting *August 1991**	Remaining book value after depreciation ** *†not available*
SUSD Pima Elementary School	Ball field lighting *August 1991**	Remaining book value after depreciation ** *†not available*
SUSD Supai Middle School	Ball field lighting *October 2005*	Remaining book value after depreciation ** *$256,835*
PVUSD Grayhawk Elementary School	Ball field lighting *April 2000*	N/A *$52,631*

* Estimated in-service date based on agreement effective dates and City construction permit dates.

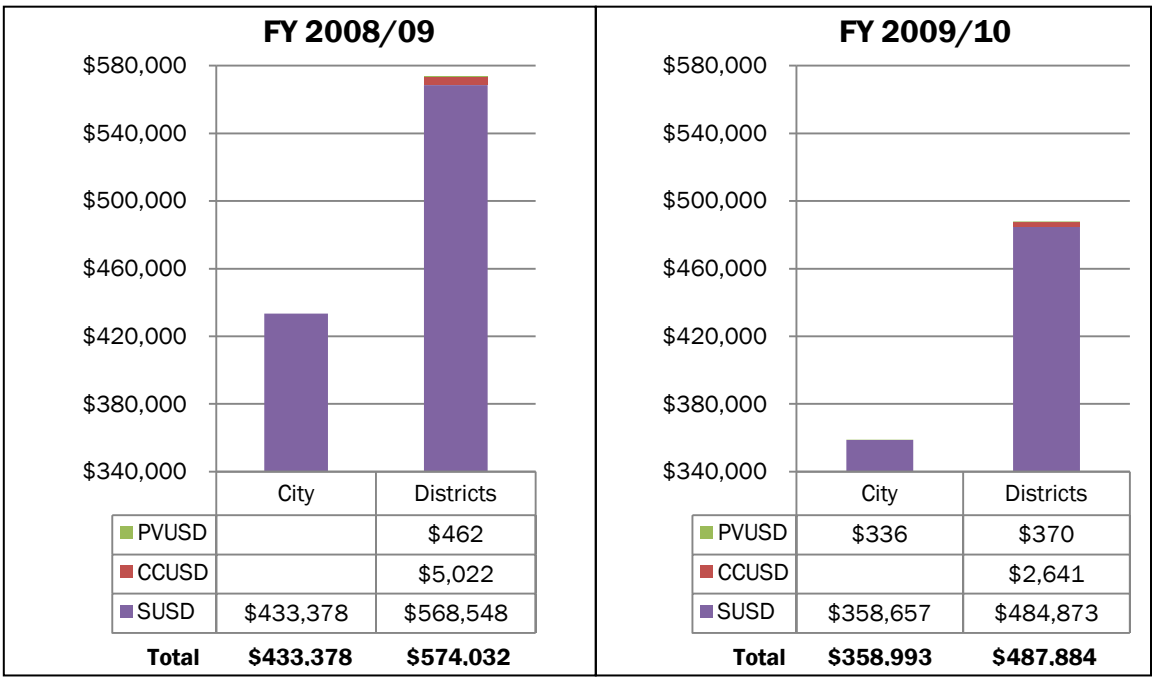
**Depreciation, where specified, is calculated at 10% per year over 10 years. There is no cost to the District if the agreement is terminated after 10 years.

† Construction costs were incurred beyond the records retention period and therefore are no longer available.

Source: Auditor review of Parks & Recreation intergovernmental agreements with school districts.

Excluding reimbursed out-of-pocket costs and assets, Chart 1 reflects the estimated value of IGA benefits received by the City and by the three school districts. In FY 2009/10, the City's benefit totaled almost $359,000. The three school districts benefited by more than $487,000, with SUSD receiving about 99% of the estimated value.

Chart 1: City vs. District Estimated Monetary Benefit

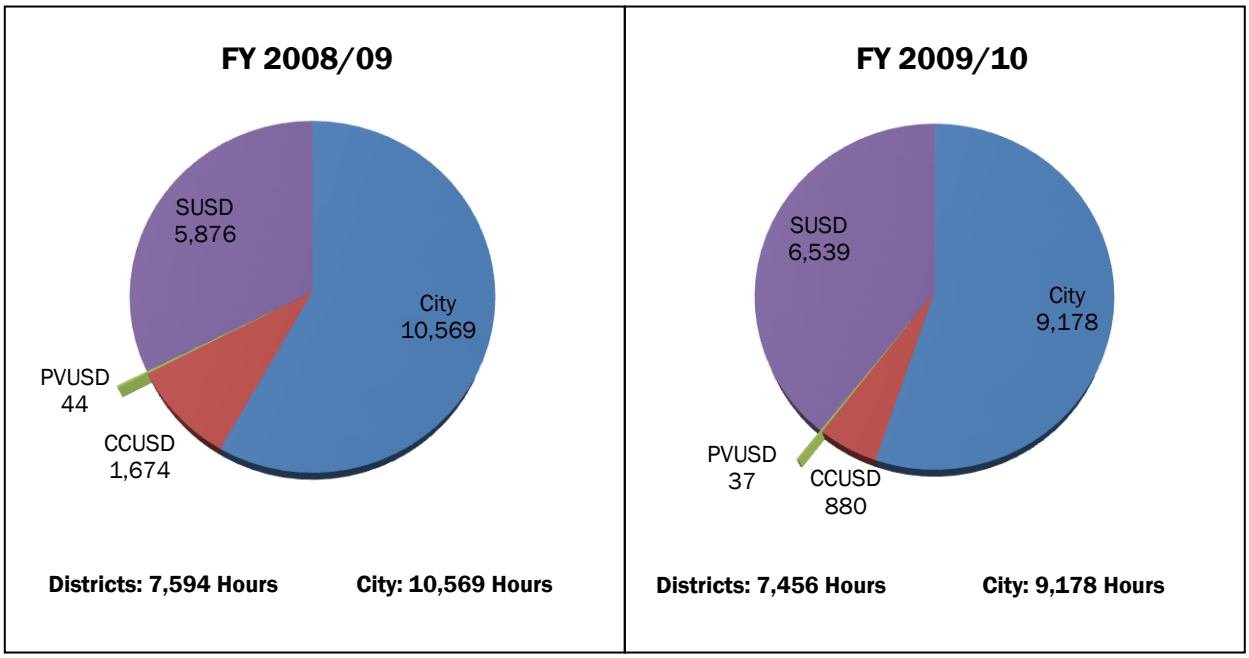


	FY 2008/09 City	FY 2008/09 Districts	FY 2009/10 City	FY 2009/10 Districts
PVUSD		$462	$336	$370
CCUSD		$5,022		$2,641
SUSD	$433,378	$568,548	$358,657	$484,873
Total	**$433.378**	**$574.032**	**$358.993**	**$487.884**

SOURCE: Auditor analysis of information provided by Community Services Parks & Recreation staff, including: City expenses for SUSD field maintenance, revenue received for evening rentals of SUSD fields, estimated hours of City and District facility use, published or estimated hourly rates, and FY 2008/09 and FY 2009/10 funding for the substance abuse and violence prevention program.

While the districts, and primarily SUSD, received the larger monetary value from the IGAs, the City gained its greatest benefit from use of SUSD facilities. Specifically, as shown in Chart 2, in FY 2009/10 the City used district facilities for more than 9,100 hours, while the districts used City facilities for about 7,400 hours.

Chart 2: City vs. District Estimated Facility Use in Hours



SOURCE: Auditor analysis of estimated hours of City and District facility use provided by Community Services Parks & Recreation staff.

OBJECTIVES, SCOPE, AND METHODOLOGY

This Parks & Recreation Intergovernmental Agreements (IGAs) audit, requested by Community Services management, was included on the FY 2010/11 Audit Plan approved by City Council. The primary audit objective was to review Parks & Recreation agreements with Scottsdale (SUSD), Cave Creek (CCUSD), and Paradise Valley (PVUSD) Unified School Districts to determine whether the agreements provide equal benefit to all parties. Additionally, we evaluated whether there were opportunities to improve program administration. While the audit scope concentrated on agreements in effect during FY 2008/09 and FY 2009/10, one new FY 2010/11 agreement was examined for any significant changes from the prior year's agreement.

To gain an understanding of the agreements, we reviewed the following 19 IGA's in effect during this period.

	Agreement	Description
1	890015	Redfield (originally Zuni) Elementary School & Thunderbird Park joint use
2	910065	Cheyenne (originally Aztec) K-8 School & Aztec Park joint use
3	920010	City-provided field lighting: Cocopah, Laguna, Mohave, Pima, & Yavapai schools
4	920088	City-constructed multipurpose room in Cheyenne K-8 School reserved for City use
5	950009	Desert Canyon Elementary and Middle Schools & McDowell Mountain Ranch Park joint use
6	960036	Grayhawk Elementary School & Grayhawk Neighborhood Park joint use (PVUSD)
7	970008	CCUSD non-specific joint use of facilities
8	970186	Pinnacle Peak Elementary School & Sonoran Hills Park joint use (PVUSD)
9	970186-A1	Pinnacle Peak Elementary School & Sonoran Hills Park amendment
10	980029	Apache Park development at SUSD Apache facility
11	980109	Saguaro High School nature preserve developed on City property
12	1999-046-COS	Copper Ridge K-8 School & adjoining City property joint use

	Agreement	Description
13	2000-043- COS	Master Agreement (SUSD)
14	2005-013-COS	City-provided field lighting at Supai Elementary School
15	2005-023-COS	City-funded field rehabilitation and maintenance at Early Childhood Development Center (originally Cheyenne), Cocopah, Cochise, Laguna, Mohave, Navajo, Pima, Pueblo, Sequoya, & Supai schools
16	2005-023-COS-A1	City-funded assistance for additional District field maintenance staff
17	2005-169-COS	City-provided field maintenance for Kiva Elementary School
18	2007-042-COS	City-provided ball field construction at Yavapai Elementary School
19	2010-044-COS (2008-047-COS & 2009-012-COS)	City-provided annual funding to support the District-wide drug and alcohol prevention program

We confirmed the completeness of the Parks & Recreation-maintained list of IGAs by searching the City Clerk's Office document archives for any other relevant agreements.

To further our understanding, we also interviewed various Parks & Recreation staff including: the IGA Contract Administrator, the Recreation Supervisor responsible for City Youth/Adult Sports, the Parks & Recreation Manager responsible for City After-School, Summer and Adaptive Recreation programs, the Parks & Recreation Manager responsible for Aquatics, the Recreation Supervisor responsible for field scheduling, and the Senior Recreation Coordinator responsible for administering the CLASS system. To understand the primary school district's related process, we interviewed SUSD staff including the Assistant Superintendent for Business Services in charge of the annual out-of-pocket cost reconciliation.

To meet the audit objectives, we also:

- Analyzed each agreement using auditor judgment to determine if it was in conflict with the other related IGAs, and if the terms appeared to result in equal benefit to all parties.
- Tested compliance to contract terms for five agreements: the Master Agreement between the City and SUSD (2000-043-COS), maintenance of ten SUSD sport fields (2005-023-COS and 2005-023-COS-A1) and joint use of Sonoran Hill Park with PVUSD (970186 and 970186-A1).

- Analyzed the annual detailed reconciliations of out-of-pocket expenses between the City and SUSD. We verified the calculations made on the SUSD-submitted and City-prepared invoices and traced the annual amount billed to these invoices. In addition, we reviewed the reasonableness of City payments to the District for each fiscal year.
- Reviewed the current Parks & Recreation and SUSD facility scheduling process.
- Estimated the value of IGA benefits received by the City and the school districts using:
    - City and school district facility rates and fees schedules made available by Parks & Recreation staff and the SUSD public website.
    - Field maintenance cost estimates provided by Parks & Recreation staff.
    - Facility usage estimates made by Parks & Recreation staff based on the scheduling information available in the department's information system, CLASS. Estimates were required because the CLASS information was not regularly updated for schedule changes.
    - Expense information related to the IGAs available from the City's financial system, SmartStream.

Based on the audit, we concluded that the agreements' intent, to maximize public recreational opportunities through shared facility use, is generally being met. However, the audit identified the following areas for improvement: administrative oversight of the agreements, enhanced reporting and monitoring of shared facilities, and correction of the City's depreciation schedule.

We conducted this audit in accordance with generally accepted government auditing standards as required by Article III, Scottsdale Revised Code, §2-117 et seq. 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. Audit work took place from June through August 2010; Kyla Anderson, Lisa Gurtler and Lee Pettit conducted the audit.

FINDINGS AND ANALYSIS

1. Administrative oversight of existing intergovernmental agreements can be improved.
The intergovernmental agreements (IGAs) between the City and school districts include various requirements of both parties. In testing 5 of the 19 agreements, we found 15 of 29 contract requirements have not been enforced and one recently expired agreement. Noncompliant areas included not following facility scheduling provisions, not requiring preapproval of out-of-pocket costs and operating with an expired contract.

A. Potential cost-savings through preapproval and review of out-of-pocket costs

Although the City and SUSD do not charge rental fees for shared facilities, the using party can be charged for preapproved out-of-pocket expenses. Testing of these FY 2008/09 and FY 2009/10 costs found that none had been preapproved and some costs did not appear necessary.

For example, the City pays for District custodial services, which include: (1) providing building access, (2) being present at the facility during the scheduled activities and (3) cleaning. These services are typically billed at $29 to $31 per hour. In contrast, during summer months, the City is charged $13 per hour for the District's contracted cleaning services. Review of the *SUSD Facility Rental Policy & Fee Schedule* found that the applicable school principal can waive the requirement to have custodial staff remain at the facility during the duration of the City activity. Had this requirement been waived by SUSD, the City would have saved more than $20,000 during the past two fiscal years.

Miscellaneous billing errors were also identified, including incorrect City staff rates and payments for SUSD floor cleaning costs; City-incurred costs that were not billed; and lack of supporting documentation to substantiate some expenses. Cumulatively, these errors resulted in the City paying approximately $15,000 in additional costs during the past two fiscal years.

Management explained that written procedures have not been prepared to guide the out-of-pocket cost reconciliation process. As a result, billing documentation is not standardized and management reviews are not documented. These practices could help ensure all out-of-pocket costs from both the City and SUSD are appropriate and included in the annual reconciliation.

B. Risks related to expired agreement

Beginning in 2005, the City agreed to provide field rehabilitation and maintenance to ten District facilities (Supai, Pima, Mohave, Cochise, Laguna, Cocopah, Navajo, Pueblo and Sequoya schools; and Early Childhood Learning Center). Although this five-year agreement expired on May 2, 2010, the City is still providing services and funding District maintenance staff. For the last two fiscal years, these costs averaged about $225,700 a year.

Operating without an agreement increases the City's risk because responsibilities and terms are no longer defined, such as any applicable financial commitments, required documentation, maintenance standards and liability limits or agreements.

Prior to this audit, the recently assigned Contract Administrator became aware of the agreement expiration and is currently working with City Attorney staff to draft a new agreement. Establishing a calendar or other tracking process with early reminders of upcoming expiration dates can provide the time needed to develop new agreement terms or to notify the other party if an agreement will not be renewed.

C. Semiannual schedule exchange

According to the City's Master Agreement with SUSD, each party is required to submit for approval a written semiannual schedule requesting the use of the other's facilities.

- Currently, neither party is abiding by these terms. Scheduling is done on an ad hoc basis, which results in inefficient use of staff time.
- When City staff request use of District facilities, they complete a separate SUSD Facility Use Contract for each program at each school. This process results in more than 100 separate contracts being completed each year to coincide with the City's and the District's three sports seasons (Fall, Spring, and Summer). A more effective approach might be to update the agreement to align scheduling with the sports seasons.
- Moreover, even after the contracts are approved by the District, they are not always honored. City staff provided examples of City programs that the District has interrupted with minimal notice, including one Afterschool Program that was moved from a large multi-purpose room to a smaller classroom 40 times in FY 2009/10. Staff notified the District of this situation; however, the school principal determined that the needs of school took priority.

Agreement terms regarding scheduling should be adhered to or updated to reflect the desired process.

D. Terms of some IGAs are for excessive periods of time

The existing City/school district IGAs have been created over several years, with the oldest signed in 1989 and the most recent in 2010. Many of these agreements have terms of 20 years or more, while others do not have a termination date or automatically renew without any required action. Although some have a penalty clause requiring payment if the District terminates the agreement within 10 years, the agreements also allow renegotiation without penalty for either party.

The financial impact of these IGAs is significant, with the district benefit in FY 2009/10 estimated at $487,000 and the City benefit estimated at $359,000. Yet four of the 19 IGAs had a term greater than 20 years, and nine had terms in perpetuity due to automatic renewals or lack of a termination date. As evidenced by the current economic downturn, conditions can change significantly for both parties over such long periods of time, so 20-year or perpetuity agreements are not practical.

Agreement terms should encourage a periodic review to ensure the arrangement has continued benefit to the City and the stated provisions are still appropriate. While the City does not have a regulation stipulating term limits for intergovernmental agreements, Procurement Code requires written justification for any vendor contract exceeding five years.

Recommendations:

A. Community Service management should request that District management waive the requirement to have Custodial staff remain on site during City activities. Also, guidelines for the out-of-pocket cost reconciliation should be developed to help capture all applicable City out-of-pocket costs and facilitate the review of District reported out-of-pocket costs.

B. The Contract Administrator should continue to work with City Attorney staff to draft a new agreement for field maintenance with updated terms appropriate for the current situation. In addition, a process should be established to provide advance notice of agreements' upcoming expiration dates.

C. Community Services management should comply, and request the District to comply, with the semiannual scheduling terms of the IGA. However, consideration should be given to requiring scheduling to coincide with the three sport seasons. Other scheduling requests should be made through a designated point of contact to allow more consistent implementation of agreement terms.

D. Community Services management should consider renegotiating the long term agreements with the Districts to require periodic renewals.

2. Reporting and monitoring of shared facility usage can be enhanced.

The Parks & Recreation department has an existing information system, CLASS, available for its scheduling, registration and billing purposes. CLASS can provide reports that would be useful for managing the shared-facility agreements, including the number of hours shared facilities were used by the City and the school districts, the staff resources, and out-of-pocket costs. However, this information is not routinely recorded, reported and monitored.

Parks & Recreation staff explained that CLASS is not always updated to reflect actual facility usage. For example, CLASS may reflect that the City reserved an SUSD facility for seven days a week when the City actually used the facility two days per week. This occurs when staff reserves a facility in advance to ensure its availability. The reservation is often not revised after setting the specific class schedule.

Additionally, most pool staff stopped using CLASS for school district billing purposes in 2007 due to the way it reports revenues. Because of the no-cost facility sharing agreements, district pool fees are not collected. Instead, the District "billings" are netted against amounts the City owes to the District during the annual out-of-pocket cost settlement. Parks & Recreation management recently met with Accounting staff and determined an appropriate process to correct the pool revenues reporting. This would entail doing quarterly out-of-pocket cost reconciliation instead of an annual reconciliation.

Increased utilization of the CLASS system can facilitate the tracking of City and District shared facility usage, enabling management to determine staffing needs and monitor usage trends.

Recommendation:

Community Service management should require staff to properly use and update the CLASS system to record shared facility usage. Monthly or quarterly reports should be developed and reviewed by management to analyze operational trends and costs.

Management should negotiate with the SUSD to use the proposed quarterly out-of-pocket cost reconciliation rather than the annual process.

3. District-owned assets are incorrectly included on the City's asset list.

Although the City continues to maintain and use the facilities and pay for utility costs, IGA terms state that City-provided improvements on SUSD property are owned by the District. Of these City-provided District assets, the Apache Park improvement was erroneously included on the City's asset records. Others also appear to have been erroneously included, such as ball field lighting at Cocopah, Laguna, Mohave, Pima, Grayhawk and Yavapai schools, and Aztec and Thunderbird Parks. Detailed records are not readily available to verify if these improvements were incorrectly capitalized as City assets.

The inclusion of Apache Park results in an overstatement of the City's reported depreciation costs by $48,000 annually, and the other properties may increase that amount. However, the error would not have a material effect on the City's financial statements.

Recommendation:

The Contract Administrator should work with Accounting staff to identify any needed corrections of the City's asset and depreciation schedule based on asset ownership.

MANAGEMENT RESPONSE / ACTION PLAN

1. Administrative oversight of existing intergovernmental agreements can be improved.

MANAGEMENT RESPONSE: Management agrees with the audit findings relative to administrative oversight.

PROPOSED RESOLUTION: Staff will (1) work with the Scottsdale Unified School District to pre-approve, identify and review all out-of-pocket costs from both entities; (2) establish a tracking process to provide the time needed to develop new agreement terms or to notify the other party if an agreement will not be renewed; (3) work with the Scottsdale Unified School District to update the agreement terms regarding scheduling and adhere to the process; (4) work with the Scottsdale Unified School District to renegotiate the long term agreements with the Districts and to require periodic renewals.

RESPONSIBLE PARTY: Jan Cameron

COMPLETED BY: DECEMBER 31, 2010; ONGOING

2. Reporting and monitoring of shared facility usage can be enhanced.

MANAGEMENT RESPONSE: Management agrees with the audit findings relative to the enhancement of reporting and monitoring of shared facility usage.

PROPOSED RESOLUTION: Staff will be required to utilize the CLASS system to accurately record all shared facility usage. Monthly and quarterly reports will be developed and reviewed to analyze operational trends and manage associated costs.

Staff will propose a quarterly reconciliation to the Scottsdale Unified School District rather than the current annual process.

RESPONSIBLE PARTY: Jan Cameron

COMPLETED BY: *internal change*: October 1, 2010; ONGOING
SUSD change: November 30, 2010; ONGOING

3. District-owned assets are incorrectly included on the City's asset list.

MANAGEMENT RESPONSE: Management agrees with the audit findings relative to the incorrectly including Scottsdale Unified School District owned assets on the City's asset list.

PROPOSED RESOLUTION: Staff will work with Finance and Accounting staff to identify any needed corrections of the City's asset and depreciation schedule based on asset ownership.

RESPONSIBLE PARTY: Jan Cameron

COMPLETED BY: NOVEMBER 1, 2010; ongoing as assets are added or modified

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