

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Subject

The Lake Havasu Unified School District is located in Lake Havasu City in Mohave County. In FY 2007, the District served 6,317 students in pre-kindergarten through 12th grade at its 9 schools.

Our Conclusion

Lake Havasu USD's administrative costs were slightly higher than comparable districts', and its transportation costs per rider were substantially higher. However, plant operation and maintenance costs were 11 percent lower and the District's percentage of dollars spent in the classroom was above the state average. The District's Proposition 301 plan was incomplete and it spent a portion of the monies inappropriately. Lake Havasu USD has adjusted its English Language Learner's program but needs to continue modifications to comply with the state model.



2008

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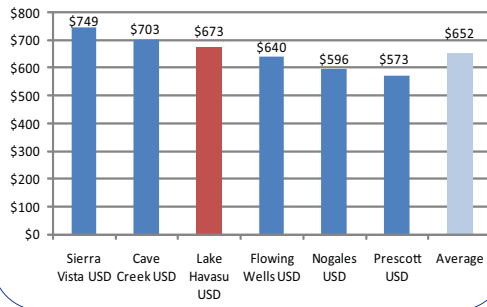
Administration



Thunderbolt Middle School.
Source: Photo courtesy of the Lake Havasu Unified School District.

Lake Havasu USD's administrative costs were slightly higher in FY 2007 than the comparable districts' average.

Administrative Cost Per Pupil
Fiscal Year 2007



Reasons for higher costs—The higher administrative costs are primarily due to the District's contracts for outside services. For example, the District contracts with a vendor to manage its

computerized accounting system while the comparable districts handle these duties in-house. Similarly, the District spends 11 times more per student for outside printing and binding than the comparable districts.

Credit cards and cell phones—The District did not adequately review credit card purchases and require receipts. The District also did not have a formal policy or require signed user agreements for the use of cell phones.

Sensitive information—District computer servers were not adequately safeguarded, and policies did not adequately protect sensitive electronic student information.

Recommendations

The District should:

- Review administrative purchased services to reduce costs.
- Require and review credit card receipts.
- Implement a cell phone policy and have employees sign user agreements.
- Lock computer server rooms, establish a disaster recovery plan, and conduct training to protect sensitive information.

Student Transportation

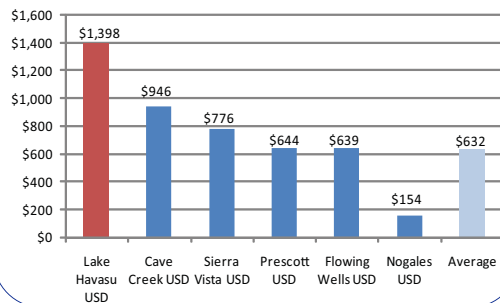
In FY 2007, Lake Havasu USD spent more than twice as much per rider on transportation than the comparable districts and subsidized its transportation program by \$217,000. The District transports a much smaller percentage of its students than the comparable districts, but it transports them 2½ times farther.

averaged 62 percent, below the 75 percent standard, and 45 percent of the District's regular routes operated below 50 percent capacity.

Fuel cards—The District also had inadequate control over fuel cards. In FY 2007, the District issued fuel cards to 73 employees who purchased \$189,000 in fuel. The District did not adequately monitor purchases to ensure they were appropriate. For example, a bus that was refueled with 73.9 gallons of fuel had been driven only 170 miles, which results in an unreasonably low 2.3 miles per gallon.

Driver records—The District did not review or maintain bus drivers' driving records. To comply with DPS' safety standards, the District should obtain, review, and maintain driving records for all drivers both prior to and throughout their employment.

Transportation Cost Per Rider
Fiscal Year 2007



Part of this high mileage is due to inefficient bus routes. Overall capacity rates

Recommendations

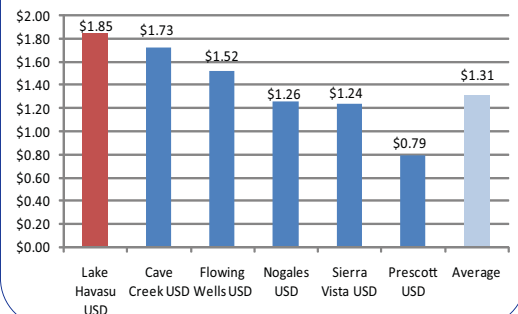
The District should:

- Use data it collects to create efficient bus routes.
- Establish proper controls over its fuel card usage.
- Obtain, review, and maintain driving records for all bus drivers.

Plant Operation and Maintenance

Lake Havasu USD's plant operation and maintenance costs were 11 percent lower than the comparable districts'. The lower costs are due to having 29 percent fewer plant and maintenance employees and the City paying the District's water bill. However, the District's electricity costs per square foot were 41 percent higher than the comparable districts'. These higher costs suggest that although the District's overall plant costs are lower than comparable districts', it may be able to find savings in this area.

Electricity Cost Per Square Foot
Fiscal Year 2007



Recommendation

The District should continue with its plans to reduce utility costs.

Proposition 301 Monies

Proposition 301 provides additional monies for teachers' base pay increases, performance pay, and certain menu options, such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

In FY 2007, eligible employees could earn up to \$5,311 from a combination of base, performance, and menu option pay.

The District paid some performance pay to employees for duties already required under their contracts and did not specify in its performance pay plan how much performance pay that eligible employees could earn.

Proposition 301 salary increases

Base pay	\$1,128
Performance pay	\$2,339
Menu option pay	\$1,844
Total	\$5,311

Recommendations

The District should:

- Ensure its plan specifies the amount of performance pay that employees can earn.
- Ensure that performance activities are optional and not already required under contract.

Classroom Dollars

Lake Havasu USD's FY 2007 classroom dollar percentage was higher than the state and comparable district averages, even though it had fewer dollars to spend.

Lake Havasu USD spent less in total because it received less funding, largely due to traveling fewer student transportation miles, having less experienced teachers, and receiving less Title I and Title V monies.

Classroom Dollar Percentages and Total Per-Pupil Spending Fiscal Year 2007

Lake Havasu USD	60.2%	\$6,598
Comparable Districts	57.6	\$6,909
State	57.9	\$7,382

However, the District may be able to increase its classroom dollar percentage by improving efficiency in noninstructional areas, such as food service, administration, and transportation.

Additionally, although Lake Havasu USD spent a smaller percentage of its dollars on plant operations and maintenance, it could further lower costs by reducing its electricity costs.

Recommendations

The District should:

- Classify transactions according to the Uniform Chart of Accounts.
- Review noninstructional spending to determine if monies can be redirected to the classroom.

English Language Learner (ELL) Programs

English language learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. In FY 2007, about 5 percent (334) of Lake Havasu USD students were ELL. Their 14 home languages included Spanish, Arabic, Cantonese, and Czechoslovakian.

In FY 2007, depending on the students' grade level and English proficiency, the District offered from 55 minutes to 2½ hours of English language instruction to its ELL students. New laws that became effective in FY 2009 require districts to provide ELL students with 4 hours of English language development per day. The District has begun expanding its program to come into compliance with the new requirements.

In FY 2007, the District also offered after-school tutoring and a summer school program for its ELL students.

ELL costs and funding—For FY 2007, the District received about \$238,800 in ELL-related funding and reported spending about \$135,000, or \$404 per ELL student.

Accounting requirements not followed—Lake Havasu USD did not use the required fund and program codes for its compensatory instruction or Title III monies in FY 2007.

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can be obtained by calling
(602) 553-0333



or by visiting
our Web site at:
www.azauditor.gov

Contact person for
this report:
Vicki Hunter

Recommendations

The District should:

- Continue to expand its ELL program to comply with state requirements adopted in September 2007.
- Separately account for the incremental portion of ELL costs using the appropriate account codes.