

## Holbrook Unified School District

**CONCLUSION:** In fiscal year 2014, Holbrook Unified School District's student achievement was higher than peer districts', and its operational efficiencies were mixed, with some costs higher and some lower than peer districts' averages. The District's food service program was efficient, and its transportation program was reasonably efficient overall. However, the District did not follow its own bus preventative maintenance schedule and incorrectly reported its miles and riders, which may have impacted its transportation funding. The District had higher plant operations costs because it maintained excess building space and employed more custodians than peer districts. Additionally, the District had higher administrative costs primarily because of its smaller size, but it may be able to lower its administrative and plant operations costs by operating fewer schools. Further, the District needs to strengthen payroll and computer controls. Lastly, the District levied \$2.25 million in local property taxes for desegregation purposes, but it spent the majority of these monies for broad educational purposes that do not appear to be directly related to its administrative agreement.

### Higher student achievement and mixed operational efficiency

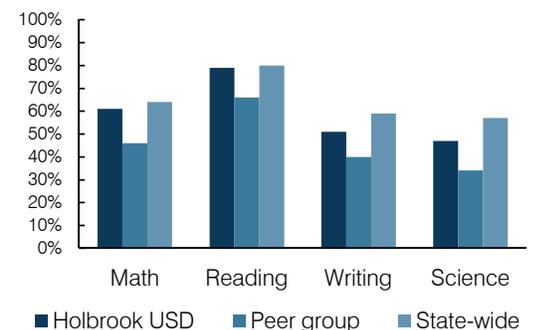
**Student achievement higher than peer districts'**—In fiscal year 2014, Holbrook USD's student AIMS scores were higher in math, reading, writing, and science than peer districts'. Further, under the Arizona Department of Education's (ADE) A-F Letter Grade Accountability System, the District received an overall letter grade of B. The District's 83 percent graduation rate in fiscal year 2014 was higher than the peer districts' 75 percent average and the State's 76 percent average.

**Operational efficiencies were mixed**—In fiscal year 2014, Holbrook USD operated with mixed efficiencies, with some costs higher and some lower than peer districts' averages. Specifically, the District's food service program was efficient with costs similar to peer districts' averages, and its transportation program was reasonably efficient overall. However, the District employed more custodians and maintained excess space at its schools, which resulted in higher plant operations costs. Additionally, the District had higher administrative costs primarily because of its smaller size, but it may be able to lower its administrative and plant operations costs by operating fewer schools.

### District needs to strengthen payroll and computer controls

In fiscal year 2014, 39 hourly employees paid through Holbrook USD's payroll system were not on a delayed payroll schedule meaning that there was not a delay between the close of the pay period and the individuals' actual pay date, which is necessary for the District to verify all hours worked by the individuals before paying them. Additionally, the District did not require strong passwords to access its network and student information system. Further, three of the District's eight accounting system users had more access than they needed to perform their job duties. The District also did not have adequate procedures for removing access to its network and student information system. Lastly, the District had an IT contingency plan, but it was missing some key components.

### Percentage of students who met or exceeded state standards (AIMS) Fiscal year 2014



### Comparison of per pupil expenditures by operational area Fiscal year 2014

|                  | Holbrook USD | Peer group average |
|------------------|--------------|--------------------|
| Administration   | \$ 987       | \$ 789             |
| Plant operations | 1,174        | 1,009              |
| Food service     | 384          | 386                |
| Transportation   | 816          | 406                |

## Recommendations

The District should:

- Establish a delayed payroll process for all hourly employees.
- Implement stronger controls over its computer network, student information system, and accounting system.

## District's excess building space and higher custodial staffing resulted in higher costs

In fiscal year 2014, Holbrook USD's plant operations costs were higher than peer districts', on average, primarily because it maintained excess building space. This excess space was likely not needed because the District operated its schools at just 63 percent of designed capacity, on average, in fiscal year 2014. Additionally, the four schools with the most excess space are located within 2 miles of each other, which provides opportunities for the District to reduce the number of schools it operates. Holbrook USD's higher plant operations costs were also the result of it employing more custodians than peer districts, on average.

## Recommendations

The District should:

- Evaluate excess building space at its schools and determine and implement ways to reduce it.
- Review its custodial staffing levels and determine and implement ways to reduce costs.

## District should strengthen some controls over its transportation program

Holbrook USD did not always perform bus preventative maintenance on schedule. We reviewed fiscal years 2014 and 2015 bus maintenance files for 10 of the District's 40 buses and found that 8 did not receive preventative maintenance according to the District's 10,000-mile preventative maintenance schedule. Further, the District overreported its number of riders in fiscal year 2014 and underreported the total number of miles it traveled. However, it reported some miles for funding that were not eligible for per mile funding and should work with ADE to make any needed corrections to its transportation funding reports.

## Recommendations

The District should:

- Ensure that school bus preventative maintenance is conducted in accordance with its schedule.
- Work with ADE regarding any needed corrections to its transportation funding reports.

## Majority of \$2.25 million desegregation tax levy spending appears unrelated to administrative agreement requirements

In fiscal year 2014, Holbrook USD levied \$2.25 million in local property taxes for desegregation purposes and spent these monies for what it classified as desegregation activities. However, the majority of the District's desegregation tax levy spending was for broad educational purposes that do not appear to be directly related to its 1988 desegregation administrative agreement with the U.S. Department of Education, Office for Civil Rights, which requires Holbrook USD to provide equal educational opportunities for its English language learner (ELL) students. Further, the District's desegregation tax levy monies have remained relatively unchanged despite a substantial decline in its ELL student population. Lastly, peer districts spent substantially less than Holbrook USD to provide the same required educational opportunities to their ELL students.

## Recommendations

The District should:

- Spend its desegregation monies on only those activities that directly support the requirements outlined in its administrative agreement.
- Determine whether its desegregation tax levy should remain at its current level given the substantial decrease in its ELL student population and the much lower costs of its peer districts that are required to provide the same opportunities to their ELL students.