

Bonita Elementary School District

CONCLUSION: In fiscal year 2017, Bonita Elementary School District's (District) student passage rates on state assessments were higher than or similar to peer districts' averages, and most of its operations were reasonably efficient for its small size. The District's administrative costs per pupil were slightly lower than the peer districts', on average, and its plant operations costs were lower than peer districts'. The District's food service cost per meal was much higher than the peer districts' average, and its program did not generate enough revenue to cover all program costs, but in fiscal year 2019, the District brought the program in-house in an effort to reduce costs. The District's transportation costs per mile and per rider were lower than the peer districts' average primarily because it paid some parents or guardians to transport their students at a rate substantially less than what it typically costs to operate a school bus. However, the District should strengthen its accounting and computer controls and ensure it correctly reports the number of riders for state transportation funding purposes. Finally, the District should continue to closely monitor and control its spending because of its enrollment decline and limited ability to increase revenues.

Student achievement and operational efficiency

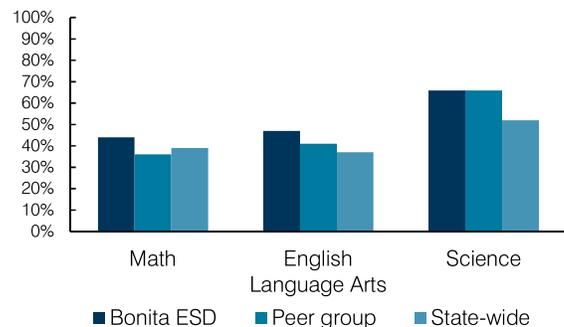
Student achievement—For very small districts such as Bonita ESD, year-to-year changes in student populations can greatly impact year-to-year student test scores. In fiscal year 2017, the percentages of the District's students who passed state assessments were higher than the peer districts' averages in Math and English Language Arts and similar to the peer districts' average in Science. In addition, the District's school received a letter grade of C under the Arizona Department of Education's A-F Accountability System for the 2016-2017 school year.

Reasonably efficient operations overall—In fiscal year 2017, the District's operations were reasonably efficient overall for its small size. Specifically, the District's administrative costs per pupil were slightly lower than the peer districts', on average, and its plant operations costs were lower than peer districts'. The District's food service cost per meal was much higher than the peer districts' average, and its program did not generate enough revenue to cover all program costs, but in fiscal year 2019, the District brought the program in-house in an effort to reduce costs. Lastly, the District's transportation program operated with both a lower cost per mile and cost per rider than peer districts' averages.

District needs to strengthen some accounting and computer controls

Bonita ESD needs to strengthen some of its accounting and computer controls. Although no improper transactions were detected in the items we reviewed, these control deficiencies exposed the District to an increased risk of errors and fraud. Specifically:

Percentage of students who passed state assessments Fiscal year 2017



Comparison of cost measures Fiscal year 2017

Cost measure	Bonita ESD	Peer group average
Administrative cost per pupil	\$2,805	\$3,137
Plant operations cost per square foot	5.47	6.96
Plant operations cost per pupil	1,472	2,644
Food service cost per meal	8.49	5.79
Transportation cost per mile	1.44	1.87
Transportation cost per rider	1,042	1,459

- **Some purchases lacked proper approval**—Although the District had procedures in place for its purchasing process, it did not always follow these procedures, increasing the risk of errors and fraud. We reviewed 30 fiscal year 2017 accounts payable transactions and found that 7 of the 30 transactions lacked appropriate prior approval.
- **Expenditures not classified accurately**—The District did not accurately classify all its fiscal year 2017 expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, the District's *Annual Financial Report* did not accurately present its operational costs. We identified classification errors totaling approximately \$109,000 of the District's total \$1.53 million in operational spending.
- **Broad access to accounting system**—We reviewed the District's September 2017 user access report for the District's two users with access to the accounting system and found that both users had more access to the accounting system than appropriate, allowing the users to initiate and complete a transaction without independent review and approval. Additionally, one business office employee had access to administer the accounting system.

Recommendations

The District should:

- Ensure that purchases are approved before they are made.
- Classify all expenditures in accordance with the Uniform Chart of Accounts for school districts.
- Limit users' access in the accounting system to help ensure that no single employee can initiate and complete a transaction without an independent review.

District should closely monitor its food service program to eliminate or minimize subsidy

For several years, the District obtained its meals from a neighboring school district. Despite this sharing of resources, the District's fiscal year 2017 cost per meal of \$8.49 was 47 percent higher than the peer districts' \$5.79 average, and the program was not self-supporting, with expenditures exceeding revenues by nearly \$47,000. However, the District had not evaluated if more cost-effective food service alternatives were available and did not obtain U.S. Department of Agriculture (USDA) food commodities. Based on conversations with us about the program's high costs, in fiscal year 2019, the District brought the program in-house and began obtaining food commodities in an effort to reduce costs.

Recommendation

The District should closely monitor its food service program's revenues and costs and maximize its cost savings by planning meals around available USDA food commodities.

District incorrectly reported number of riders for student transportation funding

In fiscal year 2017, Bonita ESD incorrectly reported to the Arizona Department of Education (ADE) its ridership by reporting an estimate of students who ride the bus rather than the number of students actually transported.

Recommendation

The District should calculate and report to ADE for state funding purposes the actual number of students transported.

District should continue to closely monitor and control its spending due to enrollment decline and limited ability to increase revenues

Most school district funding is based on the number of attending students, and between fiscal years 2017 and 2018, the District's student enrollment declined about 20 percent. This decline in enrollment reduced the amount of money the District received in fiscal year 2018. Further, as discussed in more detail in the full report, the District is limited in its ability to increase revenues. Although the District has taken steps that may help address the reduced funding, it is important that Bonita ESD continue to closely monitor and control its spending.

Recommendation

The District should continue to closely monitor and control its spending to help ensure it is able to meet its needs with the revenues it receives.