

## Peach Springs Unified School District

**CONCLUSION:** In fiscal year 2017, Peach Springs Unified School District’s (District) school received an “F” letter grade and was required to participate in a school improvement program. Although the District operated with lower costs in nearly all operational areas, we identified a number of improvements needed in the District’s operations. Specifically, the District’s plant operations cost per square foot was much higher than the peer districts’ average primarily because the District paid for utilities and some other costs of its leased high school but collects no revenues. Further, the District’s food service program produced many more meals than were needed, resulting in food waste, and at least some meals served likely did not meet the National School Lunch Program’s nutritional and portion-size requirements. Additionally, the District did not maintain records supporting that its bus driver met the State’s certification requirements, that it performed preventative maintenance and inspections on its buses, or the route mileage and number of riders it reported for state funding purposes. Finally, the Governing Board approved and paid the superintendent bonuses totaling \$25,000 but likely did not have statutory authority to pay those bonuses. This likely constitutes a gift of public monies in violation of the Arizona Constitution.

### Student achievement and operational efficiency

**Student achievement**—Unlike in other school district performance audit reports, we did not report the District’s student passage rates on state assessments because providing the information could identify individual student results. The District’s school received an “F” letter grade under the Arizona Department of Education’s (ADE) A-F Accountability System for the 2016-2017 school year, and the District was required to participate in a school improvement program to improve its students’ academic performance.

**Costs lower in most operational areas, but improvements are possible**—

In fiscal year 2017, the District spent less than peer districts averaged in most operational areas. However, the District has opportunities to further lower some costs. Specifically, the Districts’ plant operations cost per square foot was much higher than the peer districts’ average, primarily because of costs the District incurred for its leased high school. Additionally, the District’s food service program produced many more meals than were needed, and the District could further lower costs by controlling the food waste. The District’s transportation program’s efficiency could not be measured because of insufficient records.

#### Comparison of cost measures Fiscal year 2017

Cost measure	Peach Springs USD	Peer group average
Administrative cost per pupil	\$2,869	\$3,137
Plant operations cost per square foot	8.66	6.96
Food service cost per meal	3.73	5.79

### District should continue focus on instructional program

The District’s school received an “F” letter grade, and under the 100-percentage-point scale used to assign letter grades, the school earned just 17 percent of the available points—the lowest percentage of the 1,317 kindergarten through eighth grade public and charter schools that received letter grades for the 2016-2017 school year. Because of its poor performance, the District was required to participate in a school improvement program where school and district staff work closely with ADE to improve students’ academic performance. According to ADE officials, the District has made progress in developing new curriculum and classroom management practices but still needs to focus on improving instruction and the climate and culture of the school. ADE officials also stated that the District did not apply for certain monies that were available to it through the school improvement program in fiscal year 2018.

## Recommendation

The District should continue to work with ADE to improve its instructional program and apply for all monies available to it through the school improvement program.

## District incurs costs but collects no revenues for the lease of its high school

The District closed its high school many years ago and leased a portion of it to the Grand Canyon Resort Corporation (Tribal Corporation), a wholly owned tribal corporation of the Hualapai Tribe. Beginning in calendar year 2016, according to district officials, the Tribal Corporation stopped making lease and utility payments to the District but continued to use the high school. In December 2016, the District consulted with its legal counsel and billed the Tribal Corporation for \$103,983 in unpaid calendar year 2016 lease and utility charges, including \$51,000 for lease payments and \$53,000 for utility charges, but according to district officials, the Tribal Corporation refused to pay the bill. As of October 2018, the Tribal Corporation has made no lease or utility payments for calendar years 2016 through 2018 but continued to occupy the high school.

## Recommendation

The District should continue to work with its legal counsel and the Tribal Corporation to establish a current lease agreement and to recover prior years' unpaid lease and utility payments.

## District likely did not have statutory authority to pay superintendent's bonuses

In fiscal years 2017 and 2018, the District's Governing Board approved and paid its superintendent bonuses totaling \$25,000 that were not included in the superintendent's governing-board-approved contract or other formal document. This likely constitutes a gift of public monies in violation of the Arizona Constitution.

## Recommendation

The District should seek legal counsel to determine if it had the legal authority to pay \$25,000 in bonuses to its superintendent and, if not, to determine its ability to recover the monies.

## District needs to improve food service program oversight

We found that the District's food service program produced many more meals than were needed, resulting in food waste. We also found that the District did not have procedures in place to determine if its meals met National School Lunch Program (NSLP) nutritional requirements, and at least some meals served likely did not meet the nutritional and portion-size requirements.

## Recommendation

The District should implement controls over food production and procedures to limit waste and ensure its meals meet NSLP requirements.

## District should improve controls over transportation program

The District did not maintain records supporting that its bus driver met the State's certification requirements, that it performed preventative maintenance and inspections on its buses, or the route mileage and number of riders it reported for state funding purposes. The District ceased providing transportation in fiscal year 2018, and students began taking a shuttle bus service owned and operated by the Hualapai Tribe to and from school. However, if the District resumes its transportation program in the future, it should ensure the program meets all state requirements.

## Recommendation

The District should ensure that requirements for bus driver certification and bus preventative maintenance are met and documented and ensure it maintains documentation supporting the miles driven and riders transported for state funding purposes.