

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Subject

Agua Fria Union High School District is located southwest of Phoenix. In FY 2002, the District had two high schools with 2,743 students in 9th through 12th grades.

### Our Conclusion

While Agua Fria's food service was self-supporting and student transportation costs were reasonable, it had high administrative and plant operation and maintenance costs. As a result, Agua Fria spent 53.3 percent of its dollars in the classroom compared to the state average of 58.2 percent. Further, the District misclassified some expenditures causing it to exceed its budget limits by about \$800,000. The District complied with statute when spending Proposition 301 monies and had modest desegregation expenditures.



# 2003

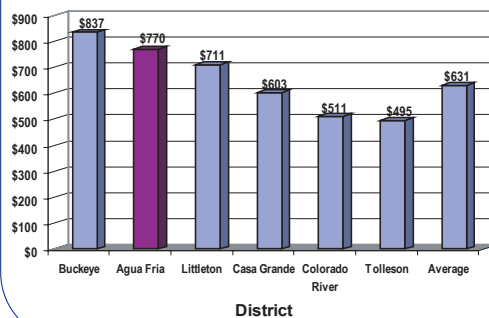
December • 2003

## Administrative Costs

Administrative costs are those associated with directing and managing a school district's responsibilities. At the school level, these costs are primarily associated with the principal's office. At the district level, they are primarily associated with the governing board, superintendent's office, business office, and support services.

Agua Fria's per pupil administrative costs of \$770 were \$139 (22 percent) higher than the average for comparable districts.

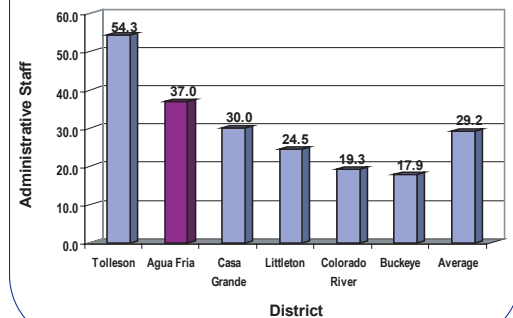
Per-Pupil Administrative Costs  
 Fiscal Year 2002



Agua Fria had higher-than-average personnel costs, paying 32 percent more in salaries and 21 percent more in benefits than comparable districts. These higher costs are due primarily to the District hiring 27 percent more administrative positions than the average of the comparable districts.



Administrative Staff  
 Fiscal Year 2002



For example, the District employed almost seven full-time equivalent director-level positions in areas such as human resources, business services, field operations, technology, and data processing, while the comparable districts employed an average of 2.5 positions at this level.

Further, while the District generally followed proper procurement procedures, auditors found instances where the District incorrectly designated vendors as "sole source" for broad categories of items such as hardware and office supplies.

# Food Service

## Food Service Facts

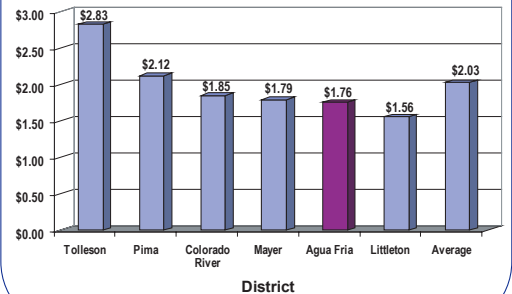
Lunch equivalent meals served	185,659
Average cost per meal	\$1.76
Kitchens/Cafeterias	2
Number of staff (full/part-time)	7/17
Percentage of students eligible for free/reduced price lunch	18%

The food service program is currently self-supporting. By keeping its costs low, it is able to make a profit from its daily food sales and reimbursements from the federal National School Lunch/Breakfast Programs.

The District's salary, benefits, food, and supplies costs are all below the averages of the comparable districts and result in a favorable cost per meal of \$1.76.

The District has used profits from the program to help pay for program maintenance and growth, including

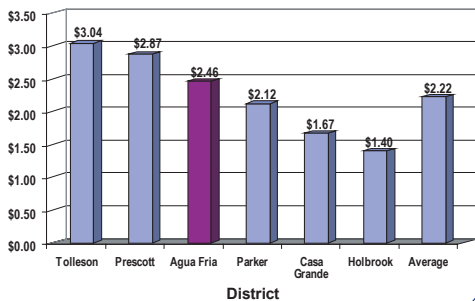
Cost Per Meal  
Fiscal Year 2002



staffing and equipping the cafeteria of the District's newest high school.

# Student Transportation

Per-Mile Costs  
Fiscal Year 2002



Agua Fria's transportation costs are in-line with those of comparable districts. Although its costs per mile are slightly higher than the average for comparable districts, the District transports more special needs students than the three comparable districts with lower costs.

Due to the rapid growth in the area, the District frequently adjusts routes for new students and neighborhoods. Buses operated at an average of 72 percent capacity.

District records show that it is in compliance with state requirements for driver physicals, drug testing, driver training, and bus maintenance.

# Plant Operation and Maintenance

Plant operation and maintenance costs include salaries, benefits, and other costs for heating/cooling, equipment repair, groundskeeping, and security. Previous Auditor General studies have shown that

## Percent of Total Dollars Spent on Plant Operation and Maintenance

Arizona average	11.8%
National average	9.7%
Agua Fria UHSD	15.4%

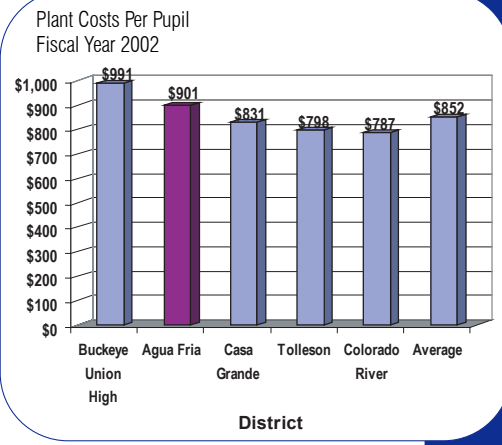
savings in this area have a significant potential for increasing the percentage of dollars spent in the classroom.

The District has a higher cost per student than comparable districts. These higher costs can be attributed to maintaining more square footage per student and substantial spending to improve its heating/cooling systems.

In 2002, the District maintained 175 square feet per student compared to an average of 142 feet for comparable districts. According to the District, it had

added space on its existing campuses for future growth and had to maintain parts of its new high school, which did not open until 2003.

The District's repair and maintenance costs, due to upgrading the heating/cooling system, were almost 3½ times higher than the average of the comparable districts. However, the District reports a 37 percent reduction in energy usage for July and August 2003 over the same months in 2002.



### Recommendation

**The District should:**

Monitor its electricity and repair and maintenance costs to determine whether it is achieving the desired savings and make adjustments as appropriate.

## Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent for 20 years beginning in FY 2001. Proposition 301 designates the money for base pay increases, performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

tutoring students or participating in professional development activities. However, the District did not document that teachers completed the performance components.

Employees on average earned about two-thirds of the available performance pay. Employees earned performance pay by receiving satisfactory performance evaluations and completing certain "performance components." These components include activities such as

The District used 65 percent of the menu option money for teacher pay increases, and 35 percent for programs targeting underperforming students.

Eligible employees received, on average, \$4,068 each in Proposition 301 monies.

Proposition 301 Monies Paid Per Employee Fiscal Year 2002

Category	Budgeted	Actual
Base Pay	\$1,249	\$ 715
Performance Pay	2,499	1,655
Menu Options	2,499	1,655
<b>Total</b>	<b>\$6,246</b>	<b>\$4,068</b>

### Recommendation

**The District should:**

Maintain supporting documentation that teachers met requirements for performance pay.

## Classroom Dollars

### TO OBTAIN MORE INFORMATION

A copy of the full report  
can be obtained by calling  
**(602) 553-0333**



or by visiting  
our Web site at:  
[www.auditorgen.state.az.us](http://www.auditorgen.state.az.us)

Contact person for  
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The District did not classify some costs accurately, including some administrative, instructional, and desegregation costs.

More significantly, Agua Fria misclassified the \$803,000 cost for its chiller system as an electricity expense, rather than as operational and capital expenses. After making the appropriate adjustments, the District exceeded its maintenance and operation budget by about \$140,000 and

its capital budget by about \$660,000. By law the State Board of Education must withhold these amounts from future state aid to the District. In addition, the District should submit a corrected annual financial report to the Arizona Department of Education.

Correcting these cost classification errors reduced the District's dollars spent in the classroom by 1.1 percent. Thus, its classroom dollar percentage for FY 2002 was 53.3 percent compared to the state average of 58.2 percent.

### Recommendations

#### The District should:

- Classify its costs accurately
- Revise its annual financial report and notify the Department of Education that it exceeded its maintenance and operation and capital outlay limits.

## Desegregation

Agua Fria is one of 19 districts budgeting money to address desegregation in FY 2002. Through administrative agreements with the U.S. Department of Education or pursuant to court orders, these districts have desegregation plans to address national origin or language issues. Agua Fria established its desegregation plan in 1987 to address language barriers.

Desegregation monies are not subject to state laws governing revenue control and capital outlay revenue limits. This permits a district to receive more revenue through local property taxes and state aid.

### Agua Fria FY 2002 Desegregation Expenditures

Total expenditures	\$615,000
Amount spent for salaries and benefits	\$560,000
Average expenditure per pupil	\$225
Average stipend for teachers with English as a Second Language (ESL) or Bi-Lingual Education (BLE) certifications	\$700

The District's desegregation expenditures are relatively modest at 3.9 percent of its total current expenditures. The District spent \$615,000 on its plan, with 55 percent being spent on instruction.