

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Subject

The Deer Valley Unified School District is located in north Phoenix, serving parts of Cave Creek, Glendale, Phoenix, Anthem, and New River. In FY 2005, the District had 32,026 students attending 34 schools in pre-kindergarten to grade 12.

### Our Conclusion

Deer Valley USD's FY 2005 administration and transportation costs were higher than the comparable districts' average, while its plant costs were lower and its food service program was self-sufficient. Deer Valley may have used Proposition 301 monies to supplant about \$1 million in other monies. The District spent 60.2 percent of its money in the classroom, 1.8 points above the state average, but lower than the comparable districts' average.



2006

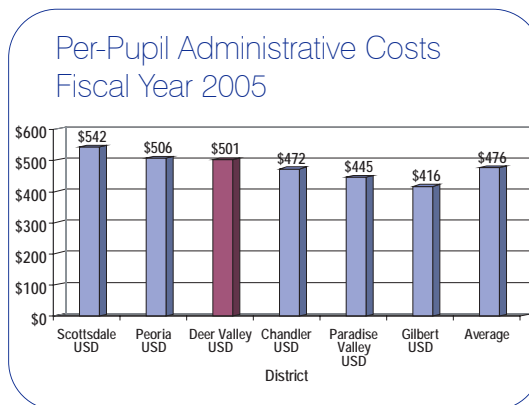
December • 2006

## Administration

Deer Valley Unified School District's per pupil administrative costs were 5 percent higher than the average for comparable districts in part because Deer Valley has a higher ratio of administrative staff to students. To achieve the same ratio as the comparable districts, the District would need to reduce its administrative staff by 24 positions.



Deer Valley District Office  
 Source: Photo courtesy of the Deer Valley Unified School District.



The District's administrative costs are also slightly higher because it pays its administrative support staff starting salaries that are 5 percent higher than those at comparable districts.

The District achieved some cost savings by contracting for the services of nine retired administrators, who receive a slightly lower salary rate and fewer benefits. However, these savings were negated by the District having more administrative staff.

### Recommendation

The District should evaluate whether it can reduce the number of administrative staff.

## Food Service

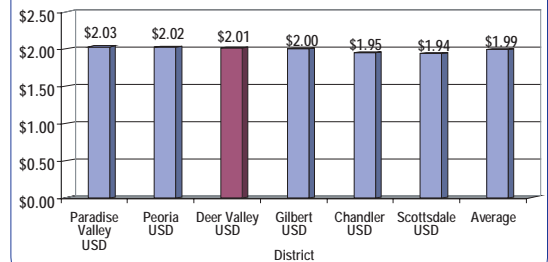
The District's food service program generated enough revenue to cover its operating costs, capital purchases, and

indirect costs. The program's \$2.01 cost per meal was similar to the \$1.99 average for comparable districts.

However, because the District served more meals per student, its \$269 per pupil costs were 12 percent higher than the \$240 average for comparable districts.

The District calculates and monitors its meals per labor hour, but does not monitor other measures such as food, salary, and benefit costs per meal.

Cost Per Meal  
Fiscal Year 2005



### Recommendation

The District should monitor other food service performance measures, such as cost per meal and cost per student.

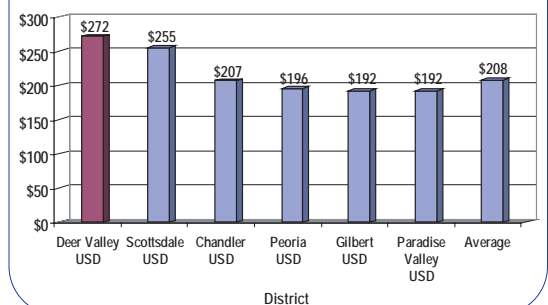
## Student Transportation

Deer Valley USD's per pupil transportation cost was 31 percent higher than the comparable districts' average. These higher costs required the District to subsidize its transportation program with \$1.4 million that potentially could otherwise have been spent in the classroom.

### Factors contributing to higher costs include:

- More miles—Partly due to its larger size, Deer Valley drives about 44 percent more miles per student than comparable districts, on average.
- Inefficient routes—High school buses operated at 53 percent of capacity rather than the 75 percent typical for efficient routes.
- Distant bus storage—Because storage locations were further from schools, Deer Valley USD buses traveled an estimated 24

Transportation Cost Per Student  
Fiscal Year 2005



percent farther to start a route than comparable districts' buses.

- More staff—Adding to its costs, the District had 48 percent more drivers and 57 percent more bus aides than comparable districts averaged.

Further, the District does not have performance measures, such as cost per mile and cost per rider, to monitor its transportation operations. It also has not collected and maintained the data necessary to monitor the program.

### Recommendation

The District should evaluate bus storage locations, perform rider counts and adjust routes, and develop performance measures to evaluate costs and efficiency.

## Plant Operation and Maintenance

The District's plant costs were lower than the comparable districts'. Its \$607 per-student plant costs were 10 percent lower and its \$4.78 per square foot cost was 9 percent lower. Deer Valley USD and the comparison group of districts both averaged 127 square feet per pupil.

The lower plant costs are primarily due to lower purchased service costs, which include repairs and maintenance. Three factors contributed to these lower costs:

- Newer buildings—The District's buildings averaged 12 years of age, while the comparison districts' buildings averaged 17 years.
- Skilled staff—The District has technically skilled specialists who are able to perform advanced repair work, such as chiller and

Plant Costs Comparison  
Fiscal Year 2005

District Name	Plant Costs	
	Per Student	Per Square Foot
Scottsdale USD	\$808	\$5.23
Paradise Valley USD	674	4.79
Gilbert USD	661	5.51
Peoria USD	653	5.63
Deer Valley USD	607	4.78
Chandler USD	559	5.23
Average of the comparable districts	\$671	\$5.28

air conditioning repairs. Other districts typically contract for such repairs.

- Preventative maintenance program—Deer Valley USD has 19 staff who perform preventative maintenance, while comparable districts average 5 staff for this purpose.

## Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent. It designates the money 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 2005, the District received \$8.7 million in Proposition 301 monies and distributed \$9.7 million, including unspent monies from prior years, to employees.

**Proposition 301 plan was incomplete**—The plan did not identify which positions were eligible for Proposition 301 money and the amount of performance pay an eligible employee could receive.

### **Recordkeeping was inadequate**—

The District did not maintain adequate detail to support expenditures of its Proposition 301 monies. As a result, the specific amounts and employees paid could not be verified. However, based on the District's salary schedule, each eligible full-time employee should have received a base pay increase of \$826. Additionally, eligible full-time employees could receive a performance bonus of \$1,662 and those with five or fewer absences received an attendance bonus of \$200. The District used its menu monies primarily to increase eligible employee compensation. In addition, some menu monies paid for class size reduction, teacher training, dropout prevention, and AIMS tutoring.

District may have supplanted other monies—It appears that the District paid about \$1 million from Proposition 301 monies that should have

been paid from other monies, which is prohibited by statute. Additionally, the District used \$116,000 of menu monies for noninstructional purposes, which is also prohibited by statute.

### Recommendations

The District should:

- Include the eligible positions and the amount of possible performance pay in its Proposition 301 plan.
- Maintain adequate detailed records to support expenditures of Proposition 301 monies.
- Repay the supplanted Proposition 301 monies, and ensure that Proposition 301 monies are spent according to statute.

## Classroom Dollars

After adjusting for about \$4.6 million in reporting errors for instructional and nonclassroom expenditures, the District's FY 2005 classroom dollar percentage was 60.2 percent.

Deer Valley USD's per pupil spending in total and in the classroom was lower than the averages for comparable districts, the State, and the nation. The District received less funding because it did not receive desegregation or Career Ladder monies, did not have a K-3 budget override, and had fewer special needs students and English Language Learners. The District also received less federal grant monies and used discretionary capital monies for capital rather than operating purposes.

### Classroom dollar percentage

Deer Valley USD	60.2%
Comparable districts	61.8
State average	58.4
National average	61.3

### Recommendations

The District should:

- Properly classify transactions.
- Analyze spending to redirect a larger portion of its resources to the classroom.

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