

**REPORT
 HIGHLIGHTS**
 PERFORMANCE AUDIT

Subject

Flagstaff Unified School District is located in Coconino County in northern Arizona. The District had 19 schools, including 2 magnet schools and an alternative school (grades 7 through 12) serving 10,828 students in FY 2006.

Our Conclusion

Flagstaff's administrative costs were 33 percent higher than comparable districts' and its student transportation program was likely overfunded by \$200,000. Plant operation and maintenance costs were low but the District's buildings were poorly maintained. The District did not always follow its Proposition 301 plan. The District's 55.2 classroom dollars percentage was below the state average of 58.3 percent. Flagstaff received adequate funding to cover its incremental ELL costs.



2008

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Administration

Flagstaff USD's administrative costs were 33 percent higher than the average for comparable districts because it had more administrative positions and paid higher salaries. Flagstaff has a higher ratio of administrators to pupils. It would need to eliminate 25 of its 130 administrative positions to have the same ratio as the average for the comparable districts.

The District also paid its school-level administrators, including principals, assistant principals, and secretaries 7 to 19 percent more than the average for comparable districts.

Charter school subsidized—The District subsidized a charter school operating out of district facilities by:

- Failing to charge over \$43,000 in salary and benefits costs for former district employees working for the charter school.
- Failing to charge reasonable fee to cover use of district facilities (estimated subsidy of \$7,000).

In addition, the District rented the space to the school for \$2.25 per square foot, which is significantly lower than the \$12 to \$30 per-square-foot rates for commercial space in the Flagstaff area.



Sechrist Elementary School
 Source: District Website

Other agreements may not be in District's best financial interest—

The District has entered into several other agreements without analyzing their impact on the District. The District entered into agreements with a transportation district and parents to transport district students without analyzing whether it could provide these services for less cost. It also entered into an agreement to provide transportation services and meals to the Coconino County Accommodation district without determining whether the financial arrangements covered its costs.

Further, although the County paid the District \$145,000 for the transportation services in FY 2007, both Flagstaff USD and the Accommodation District claimed those miles for state transportation aid.

Recommendations

The District should:

- Review administrative positions and consider how to reduce costs.
- Discontinue subsidizing the charter school and seek reimbursement for those expenses.
- Review its contracts with the charter school and for student transportation, and ensure that they are not financially detrimental to the District.

Student Transportation

The District's cost per rider was 71 percent higher than the average for comparable districts. This was primarily the result of the District's driving more miles. Flagstaff USD has about seven times more square miles than the average for the comparable districts.

Program overfunded—It appears that the District overstated its mileage by about 267,500 miles (15 percent) and overstated rider counts by about 3,000 riders (88 percent). Because of this

overstatement, it is likely that Flagstaff received about \$200,000 more in state transportation aid than it should have.

Lack of bus fleet management—

The District does not use performance measures to help it determine the efficiency of its bus transportation program. Further, it does not adequately manage its fleet. For example:

- Flagstaff did not know how many students it was transporting to schools outside the District.
- It maintained 109 buses but operated only 69 bus routes daily.

Recommendations

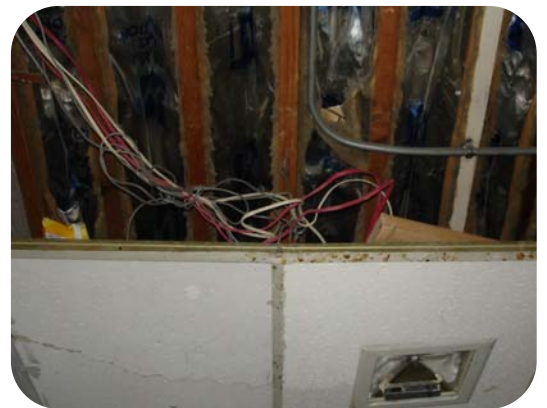
The District should:

- Maintain accurate records to calculate state funding.
- Develop and monitor performance measures such as cost per rider and bus capacity usage.
- Implement proper fleet management practices.

Plant Operation and Maintenance

Flagstaff spent less per square foot on plant operation and maintenance than all but one of the comparable districts, but many of its facilities are in poor condition. The District has fewer plant employees, and each maintenance employee maintains 63 percent more square feet than employees in comparable districts. In addition, the District does not have a preventive maintenance plan or a system for ensuring work orders are completed. At the time of the audit, the District had 1,151 open maintenance orders.

As a result, the District's facilities are in poor condition. Schools have broken glass in doors and windows, damaged or missing ceiling and floor tiles, and frequent water damage.



Missing ceiling tiles with exposed electrical wiring.
Photo taken by Auditor General staff.

The District is planning on using \$48.6 million from special bond elections in 2006 to repair, renovate, and improve existing buildings. However, once buildings have been restored, significant

improvements will be needed in the maintenance program to keep the buildings from falling back into a state of disrepair.

Flagstaff USD should also determine whether it can reduce the number of

square feet it operates and maintains. The District has more schools and building space than the comparable districts, and its schools operate at about 23 percent below capacity. In addition, the District's enrollment has declined by about 400 students since FY 2001.

Recommendations

The District should:

- Develop and implement a preventative maintenance schedule.
- Determine whether it can reduce the number of square feet it operates.

Proposition 301 Monies

Proposition 301 provides additional monies 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 2006, the District did not follow its statutorily mandated plan for spending Proposition 301 monies. Due to accounting errors, 12 employees were paid Proposition 301 monies for additional duties unrelated to Proposition

301. Another 20 employees were overpaid from \$38 to \$838, and 4 employees were underpaid between \$210 and \$455.

Further, at the end of the school year, the District paid out \$263,000 in unspent performance pay monies—Each eligible employee received an additional \$335 without being required to meet any additional performance goals. The District also paid \$33,600 in performance pay to 15 ineligible employees.

Recommendations

The District should:

- Follow its plan for spending Proposition 301 monies.
- Seek legal counsel regarding the year-end payment of performance monies and whether any repayments are required.

Classroom Dollars

The District's classroom dollar percentage was 55.2 percent. This is lower than the state average of 58.3 percent and the comparable district average of 58.7 percent.

However, the District spent more dollars per student in the classroom because it received additional funding from desegregation, career ladder, and federal grants.

Classroom Expenditures Per-Pupil Fiscal Year 2006

Flagstaff USD	\$3,946
Comparable districts	\$3,548
State	\$3,981
National	\$5,274

Desegregation Monies

In 1997, to ensure that Flagstaff USD gave students with limited English proficiency meaningful access to the District's programs, the District entered into a desegregation agreement with the U.S. Department of Education, Office of Civil Rights.

In FY 2003, the District spent about \$1.94 million for desegregation, or \$1,128 per

English Language Learner (ELL) student. In FY 2006, the District spent about \$2.2 million, or \$1,687 per ELL student.

Although the number of ELL students decreased by 25 percent over these 3 years, the desegregation spending per ELL student over the same period increased by 50 percent.

English Language Learner (ELL) Programs

English language learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. In FY 2006, the District had 1,296 ELL students. The District placed its K-6th grade level ELL students in mainstream classes with an ELL-endorsed teacher. It provided separate Structured English Immersion (SEI) classes for its middle and high school ELL students.

However, recently established state ELL models require 4 hours of English language acquisition. The District will have to expand its English language development instruction to comply with these models.

ELL costs and funding—Districts are eligible for additional monies for ELL programs based on their number of ELL students, and are supposed to track the incremental costs for ELL. Incremental costs are those that are in addition to the normal costs of educating English-proficient students. Flagstaff separately tracked costs that it considered to be ELL-related; however, some of those costs were not incremental costs.

For FY 2006, the District received about \$2.9 million in ELL-related funding and spent about \$2.3 million on its ELL program (including nonincremental costs), or about \$1,806 per ELL student.

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.azauditor.gov

Contact person for this report:
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Recommendations

The District should:

- Begin separately accounting for the incremental portion of ELL costs.
- Begin expanding its English language development instruction in alignment with the adopted models.