

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Subject

The San Carlos Unified School District is located on the San Carlos Apache Indian Reservation. In FY 2004, the District had 1,246 students in preschool through 12th grade.

### Our Conclusion

San Carlos Unified School District's per-pupil administrative and student transportation costs were high, primarily because it employs more staff in these areas. However, its food service costs were low. Larger facilities and above-average waste disposal costs contributed to its high plant operation and maintenance costs. Although San Carlos' classroom dollar percentage was only 52.9 percent, due to higher total spending, it still spent \$1,500 more per pupil in the classroom than the state average.



# 2005

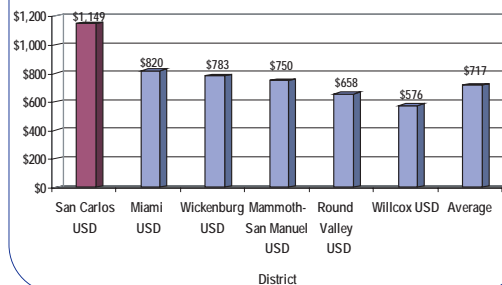
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## Administrative Costs

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.

At \$1,149 per pupil, San Carlos Unified's per-pupil administrative costs for fiscal year 2004 were 60 percent higher than the \$717 per-pupil average for comparable districts.

Per-Pupil Administrative Costs  
 Fiscal Year 2004



**More positions**—The District has 24 administrative positions while the comparison districts averaged 16 positions. Further, each San Carlos administrative position served an average of only 51 students while the comparison districts' administrative employees each served an average of 83 students.



**Greater employee longevity**—The District has employed 11 of the 24 administrative employees for more than 10 years, which results in higher salaries. For example, 2 office managers have been employed more than 35 years each and are paid about \$13,000 per year more than similar positions at the comparison districts.

**High travel costs**—In fiscal year 2004, the District paid almost \$35,000 for its administrative staff and governing board members to travel to conferences and meetings, while the comparison districts averaged only \$15,000.

District travel costs were high because employees traveled frequently and the District tended to send multiple employees to the same conferences.

Travel Days for Administrative Staff  
 Fiscal Year 2004

Administrative Staff	Days on Travel Status
Board (total 5 members)	79
Business manager	40
Executive secretary	33
Superintendent	20
Payroll supervisor	16

## Recommendations

The District should:

- Review staffing levels to decide whether administrative positions can be reduced.
- Reduce administrative travel costs.

## Food Service

The food service program was self-supporting and its cost per meal was 9 percent lower than the comparison districts' average. The District contracts with a food service management company, which provides a manager to oversee day-to-day operations, while the District employs the remaining food service staff. Because the District has a high percentage of students eligible for free and reduced-price meals under the National School Lunch Program (NSLP), it serves free meals to all students.

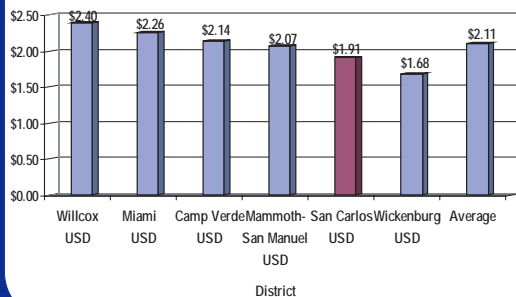
comparison districts' average because:

- Its vendor is able to negotiate lower food prices.
- It makes use of USDA commodities whenever possible.
- It buys fewer prepackaged, ready-to-eat items.

The District's salary costs were low mainly because it pays food service workers an average of \$7.31 per hour while the comparison districts' averaged \$8.56.

**Poor cash management**—The District receives a small amount of revenue (about \$59,000 in fiscal year 2004) for a la carte and adult meal sales. However, it does not properly control the collection of these monies, creating the potential for theft and fraud.

Comparison of Cost Per Meal  
Fiscal Year 2004



### Lower food and salary costs

—The District's food costs were 13 percent lower than the

## Recommendations

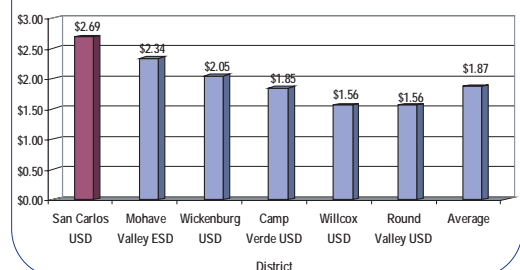
The District should:

- Develop a system to accurately determine the number of a la carte items sold.
- Implement adequate cash controls.

## Student Transportation

During fiscal year 2004, the District transported 1,065 students over 246,000 miles. Although the number of miles driven by the District was similar to those of the comparison districts, its \$2.69 cost per mile was 40 percent higher. This is because it had more employees, higher benefit costs, and higher fuel costs.

Cost Per Mile  
Fiscal Year 2004



**More employees**—Although San Carlos pays its drivers lower salaries, it had more employees than other districts. It has about 18 transportation FTEs while the comparison districts average 14. Part of the reason for this is that San Carlos does not stagger the start times between its junior high and high school as other districts often do, and needs to operate more buses.

**Higher benefit costs**—In addition, the District pays benefits to more employees than comparison districts. Many bus drivers are full-time district employees while drivers in other districts are generally part-time and do not receive benefits.

**Higher fuel costs**—The District's fuel costs were also more than double that of comparable districts. However, most of this difference is because the District does not separate out its fuel costs for its maintenance and administrators' vehicles.

**Other problems**—In addition, the District did not have a documented preventative maintenance program and did not conduct random drug and alcohol tests of its drivers as required by student transportation standards. Further, the District overstated its route mileage, which may have resulted in its receiving \$63,000 more in state transportation funding than it should have.

## Recommendations

The District should:

- Determine ways to reduce transportation costs.
- Follow all required standards.
- Accurately report route mileage.

## Plant Operation and Maintenance

Plant operation and maintenance costs include salaries, benefits, and other costs for heating/cooling, equipment repair, grounds keeping, and security. The District's costs of \$1,293 per student were 34 percent higher than the average for comparable districts.

**Large facilities increase costs**—Costs are high primarily because the District operates and maintains 384 square feet per student, which is 55 percent more than the comparable districts' average, and two to three times that required by state standards. As a result:

- The District had high salary and benefit costs because it employed more plant staff to maintain its larger-than-average facilities.

- The District's electricity costs were 27 percent higher because it has more space to heat and cool.

**High waste disposal costs**—The District purchases its waste disposal services from the San Carlos tribal government. These services' \$90 per-pupil cost is almost six times higher than that of comparable districts. These costs are high because the District:

- Pays higher per-container rates.
- Had more containers to be picked up than nearby districts.
- Has its containers picked up more frequently than nearby districts.

In addition, the District did not competitively bid the contract for waste disposal services.

## Recommendations

The District should:

- Seek to reduce its waste disposal costs.
- Procure future services through competitive bids.

## Prop 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent to provide monies for teacher pay increases and certain menu options, such as reducing class sizes or providing dropout prevention programs.

San Carlos, for the most part, spent its Proposition 301 monies as authorized by law, with eligible employees receiving an

average of \$613 in base pay increases and \$1,805 in performance pay.

The District used all of its \$167,000 in menu monies to pay for its dropout prevention program. While most of these monies were used to pay for teachers, tutors, and Internet-based courses, about \$4,600 was inappropriately spent on items such as bottled water and program administration.

## Recommendation

The District should ensure that it spends menu monies only for instruction-related purposes.

## Classroom Dollars

Although the District's classroom dollar percentage of 52.9 percent is almost 6 points lower than the state average of 58.6 percent, it spends significantly more dollars per pupil in the classroom than the state and national averages.

The District spends \$5,218 per pupil in the classroom. This is almost \$1,500 more than the state average and \$680 more than the national average. As a result the District has more teachers, more instructional aides, and smaller class sizes than the comparable districts. The District also pays its teachers slightly higher average salaries than the comparable districts.

This higher spending is possible because the District receives a large portion of its monies from federal impact aid, which is available to districts like San Carlos that are located on reservations. Significant financing differences result in these districts getting more total revenues than state expenditure limits generally allow them to use. While the District obtained voter approval through budget overrides to spend some of these additional monies in the classroom or for other operational purposes, much of its excess impact aid monies are transferred to capital funds, as allowed by law, and used for building new facilities.

### TO OBTAIN MORE INFORMATION

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Contact person for this report:  
Ann Orrico