

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

The Toltec Elementary School District encompasses the cities of Eloy, Arizona City, and a portion of Casa Grande. In FY 2007, the District had an elementary and middle school serving 1,189 students in pre-kindergarten through 8th grade.

Our Conclusion

Toltec ESD's administrative costs per pupil were similar to comparable districts and the state average, and its plant operation and maintenance costs were lower. The District spent more per pupil on transportation, primarily because it transported a larger percentage of its student population. Proposition 301 monies have been used to supplant other monies. Dollars spent in the classroom were below the state average. Toltec will need to restructure its English Language Learner's Program to comply with the state model.



2008

November • 2008

Administration

Toltec ESD spent \$928 per pupil on administrative costs for FY 2007. This was similar to the \$970 average of the comparable districts, but slightly higher than the \$881 average for the State's medium-sized districts.

Failure to account for special revenues—Because Toltec ESD failed to maintain separate accounts for special revenues, the District was unable to ensure that the monies were used as intended. For example:

- The District used extracurricular activities tax credit monies for school libraries and special education, rather than extracurricular activities, as required by law.
- Student activities monies—monies raised by the students for special activities—were spent on teacher classroom supplies.

Failure to oversee credit cards—Toltec also failed to adequately oversee the use of six district credit cards and to require adequate documentation of purchases.

Failure to secure student information—Toltec has failed to secure hard-copy and electronic student files.

Recommendations

The District should:

- Maintain separate accounts for student activities, extracurricular activities fees tax credits, and gifts.
- Enforce its credit card policies.
- Properly secure and limit access to confidential student information.
- Regularly review employee access to the accounting system and restrict access to job duties.
- Implement basic computer security training.



Photo by Auditor General staff.

- The District has boxes of student files containing social security numbers, addresses, and phone numbers in unsecured locations.
- The District's bus transportation provider needs only limited access to student information for planning bus routes, but had access to other information, such as social security numbers.
- Nine former employees still had Internet access to student information.

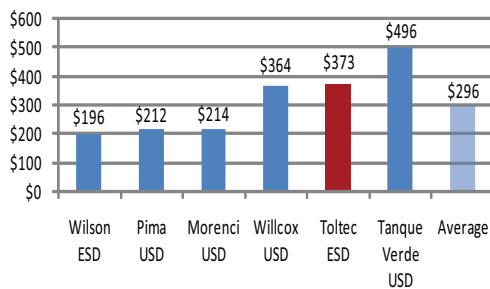
Other problems with information security—Several other problems exist with the District's information security. The District:

- Has not secured its accounting system—former employees still have access to the accounting system.
- Lacks policies to ensure compliance with federal privacy laws.
- Does not require employees to regularly change their user passwords.
- Does not provide adequate training to employees on protecting the District's systems and data.

Student Transportation

In FY 2007, Toltec spent a higher percentage of its budget, and more per pupil, on transportation than the comparable districts. However, the higher costs are likely due to the District transporting 62 percent of its students, compared to 47 percent transported by the comparable districts.

**Transportation Cost Per Pupil
Fiscal Year 2007**



Failure to oversee contractor—

The District owns its own buses, but contracts with a private vendor to provide drivers and maintain the buses. However, it did not sufficiently oversee its bus system contractor. For example, the District did not review bus files to ensure that the contractor performed maintenance on the District's buses. Although the vendor claimed it performed the required preventative maintenance, there was no documentation of work on any of the buses in FY 2007.

Oversight of billings was also lacking. In FY 2007, the District overpaid the contractor by about \$14,000 for routes that were not run and for a double-billing. About 3 months into the school year, the District began tracking routes not run, and requested and began receiving credits from the contractor. However, the credits were not sufficient to cover the overpayments—a fact the District did not realize and resolve until the following year.

The District's superintendent inappropriately allowed the contractor to use the District's buses to transport students in other districts. Toltec operates a 4-day school week and the contractor used Toltec's buses on Fridays for other districts.

The District also did not establish or monitor performance measures to evaluate its transportation program.

Recommendations

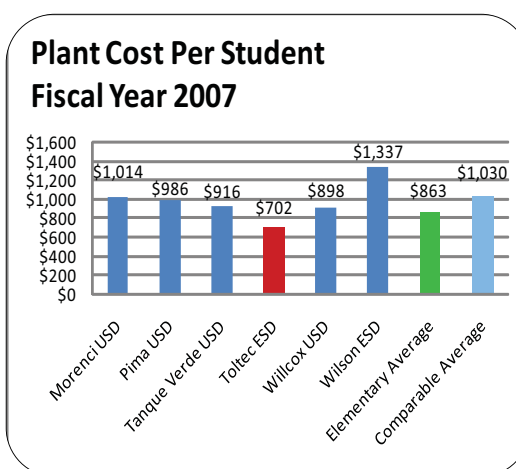
The District should:

- Monitor its contract with the vendor.
- Review bus files to ensure DPS' *Minimum Standards* are met.
- Establish and monitor performance measures.

Plant Operation and Maintenance

Toltec's \$702 per student plant operations and maintenance costs were 32 percent lower than the average for comparable districts and 19 percent lower than the state-wide average for elementary districts. In addition, the District's cost per square foot was also lower.

Toltec's cost per square foot is lower in large part because it pays its plant employees less. For example, it pays custodians \$17,000, while the comparable districts pay custodians an average of \$19,700.



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 teachers' base pay increases, performance pay, and certain menu options, such as reducing classroom size.

According to Toltec's plan, eligible employees could receive up to a total of \$3,844, consisting of:

- \$1,137 in base pay
- \$2,177 in performance pay
- \$530 in menu pay

Ineligible employees received increases—Toltec also provided salary increases using Proposition 301 monies to two deans who were not eligible to receive raises using Proposition 301 monies. Deans are administrative employees who manage teaching staff but do not teach regular classes.

District supplanted monies—The District used \$130,000 in Proposition 301 monies to supplant—that is, replace—other monies. Such supplanting is a direct violation of A.R.S. §15-977.

In 2002 and 2003, the District increased its salaries by a total of \$2,000. These increases originally were funded by \$934 in Proposition 301 monies and by \$1,066 in other district monies. However, since 2003 the District has steadily used Proposition 301 monies to replace the other monies funding the salary increases. In 2007, the Proposition 301 monies paid for \$1,782 of the \$2,000 increase.

This supplanting actually reduced the amount of salary increases the teachers should have received. Had the District not reduced the amount of other monies it used to pay for the previous salary increases, Proposition 301 monies could have been used to provide additional salary increases. This would be in keeping with the intent of Proposition 301 monies, which are intended to supplement, not supplant, other monies.

Recommendations

The District should ensure that:

- Proposition 301 monies are not used to supplant other monies.
- Proposition 301 monies are used only for eligible employees.

Classroom Dollars

Toltec spends fewer dollars in the classroom than the comparable districts, and the state and national averages. It spends fewer dollars in the classroom because:

- Its percentage of dollars spent in the classroom is only 56.9 percent. By comparison, the state average is 57.9 percent and the national average is 61.2 percent.
- Its total spending per pupil is about 11 percent below the state average. Compared to other districts, Toltec receives less federal funding and allocates more monies to capital projects.

FY 2007 per pupil classroom expenditures

Toltec ESD	\$3,749
Comparable Districts	\$4,703
State	\$4,277
National	\$5,321

Finally, the District did not consistently classify its expenditures in accordance with the Uniform Chart of Accounts for School Districts.

Recommendation

The District should classify all transactions according to the Uniform Chart of Accounts.

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Contact person for this report:
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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. They are identified through a state-adopted test. About 10 percent (123) of Toltec students are ELL.

District's ELL program—The 123 ELL students were provided a short immersion program. At the middle school, ELL students worked with a teacher for 1 hour each day on reading

and writing. At the elementary school, a teacher's aide pulled students out of class to work on reading comprehension for about 30 minutes a day.

Toltec will have to substantially change its ELL program to meet new state standards, which require 4 hours per day of English Language Development (ELD). Because of its 4-day school week, Toltec will need to provide ELL students with at least 5 hours of ELD each day. It will need to provide that instruction with qualified teachers, and group students by English proficiency levels and grades.

Recommendation

The District should provide English language development instruction in alignment with the state model.