

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

The Avondale Elementary School District is located in Avondale and Goodyear, about 20 miles west of Phoenix. In FY 2005, the District served 5,185 students in pre-kindergarten through 8th grade.

Our Conclusion

Avondale ESD's FY 2005 administrative, transportation, and plant operation and maintenance costs per-pupil were lower than the average of comparable districts. Its food service program was self-sufficient, with a cost per meal similar to the comparison districts'. Avondale ESD did not spend some of its Proposition 301 monies appropriately. The District spent 62.1 percent of its money in the classroom, which was 3.7 points above the state average of 58.4 percent.



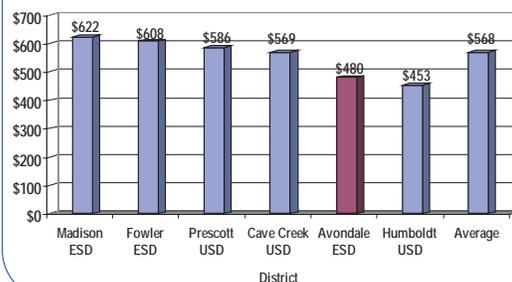
2006

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Administration

Avondale ESD's administrative costs were more than 15 percent lower than the comparison districts' average and the state-wide average for large districts. Although Avondale ESD had a similar number of administrative positions, its \$480 per-pupil administrative cost was \$88 lower than the comparison districts' \$568 average.

Per-Pupil Administrative Costs
 Fiscal Year 2005



Reasons for lower costs—The lower administrative costs were primarily due to lower salaries for administrative staff and lower spending for purchased services, such as legal counsel and consultants. While FY 2005 salaries were lower for several administrative positions, pay increases were given in FY 2006 and FY 2007.

Recommendations

The District should:

- Seek legal advice about the legality of bonuses and whether any repayment is required.
- Ensure that all compensation is specified in employment contracts.
- Implement proper access controls over its accounting system.



Centerra Mirage School
 Source: Photo taken by Auditor General staff.

Inappropriate bonuses—The District paid \$57,000 in bonuses that were not included in the contracts of 214 classified employees. Although the Board approved the bonuses, according to the Attorney General, any increase in salaries during the year is permissible only if:

- It is contracted for **prior** to the time that the services are rendered, and
- The amount is specified.

In addition, 18 administrative employees received a total of \$24,000 in bonuses. Although their contracts allowed for bonuses, they did not specify amounts as required by the Attorney General's opinion.

Accounting system control—The District did not adequately limit some users' access to safeguard its accounting system.

Food Service

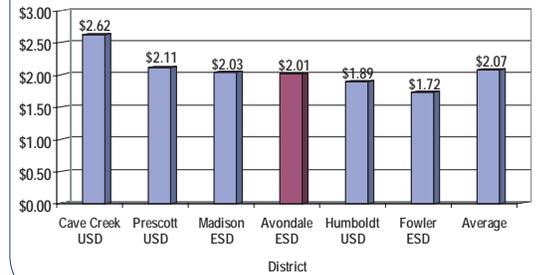
The District operated a school cafeteria in each of its seven schools, and 66 percent of its students were eligible for free or reduced-price meals.

Food Service Facts for Fiscal Year 2005

Average cost per meal	\$2.01
Number of meals served	1,019,206
Full-time equivalent employees	51
Total revenues	\$2,017,075
Total noncapital expenses	\$1,794,734
Equipment purchases	\$42,640

The food service program's \$2.01 cost per meal was similar to the comparable districts' average.

Cost Per Meal Fiscal Year 2005



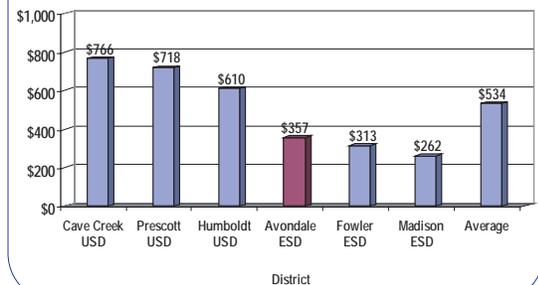
The District monitors program performance measures to help control costs and maintain self-sufficiency. It calculates food cost per meal, total cost per meal, and meals per labor hour.

Student Transportation

The District did not use an acceptable method for determining its transportation route mileage, which is the basis for state transportation funding. The District had drivers report route mileage on 1 to 5 days during one week, and used those miles to estimate the route miles for the year. ADE requires districts to report actual route mileage.

The District's cost per rider was 33 percent lower than the average for comparable districts. This appears to be due to buses traveling fewer miles per rider. Avondale ESD is a more compact district, covering only about 30 square miles, while the comparable districts averaged 164 square miles.

Cost Per Rider Fiscal Year 2005



Costs exceed state funding— Although the District had a lower cost per rider, it still subsidized its transportation program. FY 2005 transportation costs exceeded its state transportation funding by \$68,000.

Driver certification requirements not met—The District does not have procedures to ensure that bus driver

certification requirements are met. Eight of the 17 drivers did not have timely annual drug tests, and 2 did not have timely refresher training.

Recommendations

The District should:

- Have bus drivers report daily mileage.
- Report actual mileage for state funding purposes.
- Ensure that bus drivers are properly certified.

Plant Operation and Maintenance

The District's \$477 per student plant costs were 17 percent lower than the average for comparable districts and 32 percent lower than the state average. As a result, Avondale ESD spent only 8.7 percent of its dollars on plant costs, compared to 9.7 for comparable districts and 11.4 percent for the state average.

Avondale ESD's lower cost per student was attributable to its comparatively small building space. The District maintained 98 square feet per student, 23 percent less than the comparable districts' average.

In contrast to the per student cost, its per square foot plant costs were 8 percent

Plant Costs Comparison
Fiscal Year 2005

District Name	Plant Costs	
	Per Student	Per Square Foot
Madison ESD	\$658	\$4.93
Cave Creek USD	633	4.59
Prescott USD	583	3.96
Humboldt USD	551	5.04
Avondale ESD	477	4.89
Fowler ESD	455	4.18
Average of the comparable districts	\$576	\$4.54
State-wide average of large districts	\$702	\$5.80

higher than the comparable districts averaged. This is mainly due to electricity costs, which were 26 cents higher per square foot than the comparable districts' average.

Recommendation

The District should continue to monitor electricity usage and implement a plan for energy conservation.

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 2005, the District received \$1,176,402 in

Proposition 301 monies and distributed \$1,087,310.

A committee of employees from various levels, a board member, and a consultant developed the District's performance pay plan, which the Board approved.

However, the plan did not describe which positions were eligible for Proposition 301 monies.

The base pay for each full-time, eligible employee was \$950, plus related benefits. Further, each eligible employee could have received up to \$1,600 in performance pay by meeting student academic growth, student and staff attendance, communication, and school

climate goals. The District used its menu monies to pay for teacher development, AIMS intervention activities, class size reduction, and dropout prevention programs.

The District may have violated statute and did not comply with its Governing Board-approved plan by paying a portion of four employees' salaries from Proposition 301 base pay monies that were previously paid with monies from other funds.

Recommendations

The District should:

- Ensure that the Proposition 301 plan identifies eligible positions.
- Reimburse the base pay monies with monies from the other funds.

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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Classroom Dollars

Avondale ESD's classroom spending percentage is above the state and national averages. After adjusting for about \$844,000 of accounting errors, the District's FY 2005 classroom dollar percentage was 62.1.

Classroom dollar percentage

Avondale ESD	62.1%
Comparable districts	60.3
State average	58.4
National average	61.3

However, Avondale ESD spends fewer dollars per student in total and in the classroom.

Per-Pupil Expenditures Fiscal Year 2005

	Total	Classroom
Avondale ESD	\$5,468	\$3,394
Comparable districts	5,915	3,563
State average	6,500	3,794
National average	8,044	4,934

Avondale ESD's lower per-pupil spending results from it receiving less state funding, largely due to having less experienced teachers, not participating in the Career Ladder program, not having high school students, and transporting students fewer miles.

Recommendation

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