

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

Sahuarita Unified School District, one of the oldest in the State, is located in the town of Sahuarita, about 15 miles south of Tucson. The District has a primary school, an elementary school in Sahuarita and Amado, a middle school, and a high school. It serves 1,977 students.

Our Conclusion

The District's administrative costs were significantly lower than the average for comparable districts. But, its much higher transportation and plant costs contributed to the District spending only 49.2 percent of every dollar in the classroom, 9 percent below the state average. In addition to food service program losses of more than \$56,000, the District paid overcharges for bus service of approximately \$100,000 per year and agreed to a 46 percent increase in bus rates.



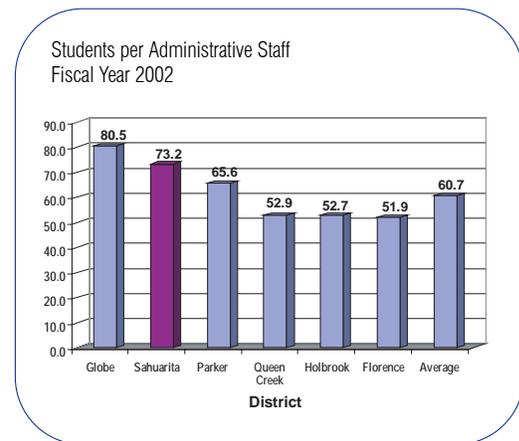
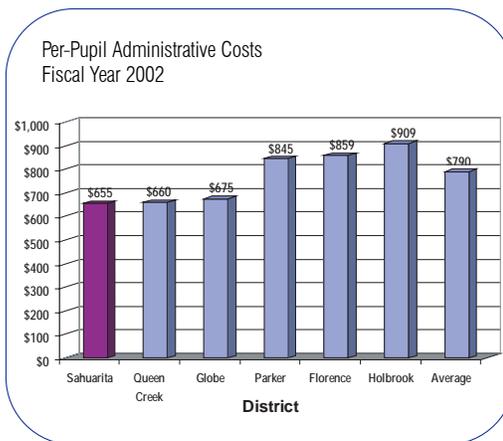
2003

December • 2003

Administrative Costs

Administrative costs are 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.

Sahuarita's administrative costs for FY 2002 were substantially lower than those for comparable districts'.



Fewer Administrators—One reason for the lower administrative costs is that the District has a higher ratio of students per administrative staff.

Comparable districts employ an assistant superintendent or personnel director, but Sahuarita does not. In addition, two school principals split their time between school and district administrative duties.

Lower Purchased Services and Supplies—The District also spent significantly less for purchased services and supplies than the average for comparable districts.

Food Service

Food Service Facts

Lunch-equivalent meals served	290,625
Average cost per meal	\$2.11
Kitchens/Cafeterias	3
Number of staff	22
Percentage of students eligible for free/reduced price lunch	53%

The food service program, operated by a vendor, runs efficiently but is losing money due to lower meal prices.

The District's cost per meal is \$2.11, and the average for comparable districts is \$2.10. However, the District's meal prices were lower than the average prices for comparable districts. While the meal prices produced

more than enough revenue to cover the vendor's charges, they did not cover the District's costs for equipment and custodial services. As a result, the program lost \$56,757 in FY 2002. The District used Maintenance and Operation Fund monies to cover this deficit and transferred an additional \$144,612 to create a cash balance for future equipment needs and to expend otherwise unused Maintenance and Operation Fund monies.

Recommendation

- Sahuarita should analyze costs and revenues to determine appropriate meal prices necessary to allow the food service program to be self-supporting.

Student Transportation

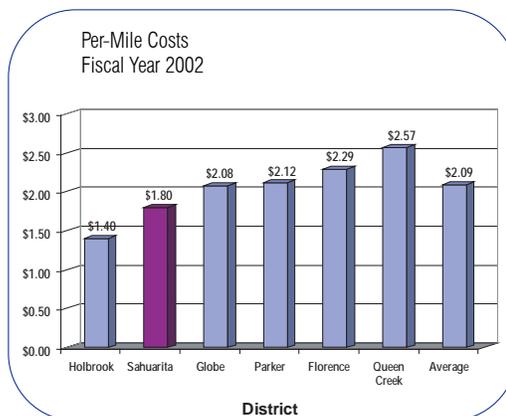
The District's student transportation program appears efficient, and costs, although high in total, appear reasonable given the number of riders transported and miles driven. However, the District paid approximately \$100,000 in overcharges during FY 2002 and 2003.

The District contracts with a vendor to operate its program using district buses

and fuel. The District transports 1,307 students. Its regular education bus routes average 55 minutes in length, and the buses operate at 80 percent capacity.

Although the District's cost per rider is 17 percent higher than the comparable districts' average, its cost per mile is 14 percent lower. These differences are because the District transports its students, on average, 32 percent more miles.

In both FY 2002 and 2003, the District did not adequately review the vendor's billings, resulting in the District's paying approximately \$100,000 in overcharges each year from its Maintenance and Operation Fund. If the District had spent the \$100,000 overpayment in the classroom, it would have increased its FY 2002 classroom dollar percentage by 0.8 percent.



In addition, the District chose to renew its contract with the vendor in FY 2003 despite a 46 percent rate increase. The District did not use its option to re-bid the

service or possibly hire its own employees. The new contract rate increased the District's costs by more than \$200,000.

Recommendations

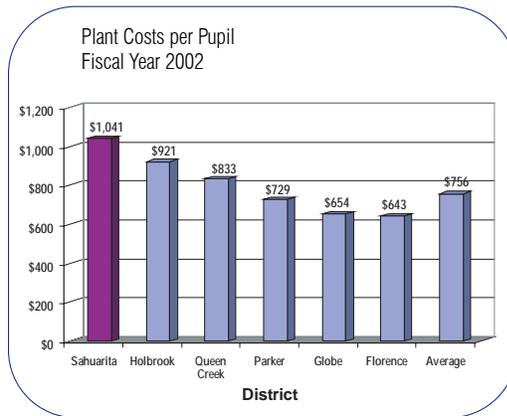
The District should:

- Seek to recover the \$200,000 overpayment for FY 2002 and 2003
- Review FY 2000 and 2001 records to determine if it was overcharged in those years
- Reevaluate its multi-year contracts each year to determine if the contract is still in the District's best interests.

Plant Operation and Maintenance

Plant operation and maintenance costs include salaries, benefits, and other costs for heating/cooling, equipment repair, groundskeeping, and security.

Percent of Total Dollars Spent on Plant Operation and Maintenance	
Arizona average	11.8%
National average	9.7%
Sahuarita USD	17.4%



While the plant costs per pupil are the highest among the comparison districts, the plant costs per square foot (\$4.44) are slightly lower than the average. This is because Sahuarita has 43 percent more square feet per student than the comparable districts' average.

District's control, such as using less energy efficient equipment, not implementing a centralized energy management system, and not scheduling facility usage in an energy-conscious manner.

Although the plant costs per square foot were lower than the average, electricity costs per square foot were 63 percent higher. This is the result of high electricity rates coupled with high energy consumption. Part of the high energy consumption is due to factors within the

For example, the District's 29,506 square foot auditorium is a popular facility used by the District and the community. The entire facility's heating and cooling system must be operated even when only the smaller meeting rooms are required.

Recommendations

The District should:

- Develop and implement a district-wide energy conservation program
- Identify ways to lower energy usage
- Continue to replace less-efficient heating and cooling equipment

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 base pay increases, performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

On average, each eligible full-time employee received salaries and benefits totaling \$4,035 in Proposition 301 monies. Besides base pay increases and performance pay, the District chose to use its menu money for teacher and other certified staff pay increases as allowed by statute.

Proposition 301 Monies Paid per Employee
Fiscal Year 2002

Category	Budgeted	Actual
Base Pay	\$ 927	\$ 857
Performance Pay	1,854	1,657
Menu Options	1,854	1,521
Total	\$4,635	\$4,035

The District's performance pay plan allotted points for annual evaluations, meeting student test score and attendance goals, setting and meeting professional goals, and providing tutoring or volunteer coaching. Ninety-six percent of the eligible employees completed the performance pay requirements, and each earned up to \$1,600 plus related benefits.

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.auditorgen.state.az.us

Contact person for
this report:
Ross Ehrick

Classroom Dollars

The District generally records expenditures in accordance with the school district Uniform Chart of Accounts, although we found a few errors.

The District's corrected administrative percentage was 10.9 percent, slightly

higher than the state average but lower than the comparable districts' 13 percent average. Largely because of high transportation and plant operation and maintenance costs, Sahuarita's classroom dollar percentage was 49.2 percent, well below the state-wide average of 58.2 percent.