



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Division of School Audits

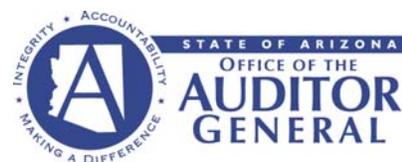
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Performance Audit

# Somerton Elementary School District

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MAY • 2008



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**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.

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OFFICE OF THE  
AUDITOR GENERAL

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May 28, 2008

Members of the Arizona Legislature

The Honorable Janet Napolitano, Governor

Governing Board  
Somerton Elementary School District

Dr. Douglas Rutan, Superintendent  
Somerton Elementary School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Somerton Elementary School District* conducted pursuant to A.R.S. §41-1279.03. I am also transmitting with this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with all of the findings and recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on May 29, 2008.

Sincerely,

Debbie Davenport  
Auditor General

# SUMMARY

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The Office of the Auditor General has conducted a performance audit of the Somerton Elementary School District pursuant to A.R.S. §41-1279.03(A)(9). This performance audit examines six aspects of the District's operations: administration, student transportation, plant operation and maintenance, expenditures of sales taxes received under Proposition 301, the accuracy of district records used to calculate the percentage of dollars spent in the classroom, and the District's English Language Learners (ELL) program.

## Administration (see pages 5 through 9)

In fiscal year 2006, Somerton ESD's administrative costs per pupil were 51 percent higher than those of other districts with a similar number of students. The higher costs were primarily due to having more administrative positions. Some of the additional positions are related to the District's decision to operate smaller schools and to administer more federal and state grants. However, some of the additional staffing appears excessive relative to comparable districts' staffing levels. Further, the District did not establish adequate access controls to safeguard its accounting system and needs to improve its purchasing procedures to ensure all purchases are properly approved.

## Student transportation (see pages 11 through 13)

The District's transportation costs per mile were 11 percent higher than the comparable districts' costs. This contributed to Somerton ESD's spending more on student transportation than it received in related revenues, subsidizing its program by approximately \$116,000 in fiscal year 2006. The District may be able to reduce costs by making its routes more efficient and by limiting the amount of nondriving time for which it pays bus drivers. Further, the District should establish and monitor performance measures, such as cost per mile and cost per rider, to better manage its transportation program.

## Plant operation and maintenance (see pages 15 through 19)

In fiscal year 2006, Somerton ESD spent 38 percent more per square foot on plant operation and maintenance costs than comparable districts. The District had higher salary and benefits costs because it had more plant employees than the comparable districts' average. Further, the District had higher communications and electricity costs. Communications costs were higher because the District pays significantly more for data and voice communication lines because of the District's location and to support a large number of telephones and computers. The District provides a telephone for each classroom and an extension for most employees. Further, while the state standard is one computer for every eight students, the District reported maintaining one for every five students. The District is able to provide these additional communication lines because it qualifies for a program that reimburses 90 percent of these costs. The District also provided cell phones for 34 employees while the comparable districts reported little or no cell phone costs. Finally, the District's electricity costs were 45 percent higher per square foot than the comparable districts', which appeared to result from higher usage. The District's significant use of its facilities during nonschool hours by both students and nonstudent groups, such as for adult education purposes, likely contributed to this higher usage.

## Proposition 301 monies (see pages 21 through 24)

In November 2000, voters passed Proposition 301, which increased the state-wide sales tax to provide additional resources for education purposes. Somerton ESD spent its Proposition 301 monies for purposes authorized by statute. However, the majority of its performance pay goals did not promote improved performance since they were based on activities already expected of employees. Further, performance pay was awarded to some employees not meeting the stated goals, and documentation was not maintained for some awards.

## Classroom dollars (see pages 25 through 28)

Statute requires the Auditor General to determine the percentage of every dollar Arizona school districts spend in the classroom. Therefore, auditors reviewed the District's recording of classroom and other expenditures to determine their accuracy. Generally, the District correctly classified its fiscal year 2006 transactions in accordance with the Uniform Chart of Accounts for school districts. Relatively minor accounting errors decreased the District's fiscal year 2006 classroom dollar percentage to 50 percent, which is 8.3 points below the state average for the same fiscal year.

In fiscal year 2006, the District spent \$7,006 per student, which was higher than both the comparable districts' and state averages. The District had additional resources available from federal and state grants because a large proportion of its students were migrant, English language learners, or were living at or below the poverty level. Despite its higher overall spending, the District's classroom dollar percentage remained low because the District also spent proportionately more of its resources on administration, plant operations, food service operations, and support services.

## English Language Learners programs, costs, and funding (see pages 29 through 35)

Statute requires the Auditor General to review school district compliance with English Language Learner (ELL) requirements. In fiscal year 2006, Somerton ESD identified approximately 66 percent of its students as English Language Learners, one of the highest percentages reported by any district in the State. The District provided instruction for ELLs in Mainstream and Structured English Immersion (SEI) programs. However, the District will need to substantially change its program to meet state standards. District officials stated that they are currently working to develop a program in line with the state requirements and plan to implement the changes in the 2008-2009 school year.

District officials were unaware of the new accounting requirements that took effect at the beginning of fiscal year 2007 requiring districts to identify and report ELL incremental costs. As a result, Somerton ESD did not separately account for ELL-related costs, and these costs could not be determined from the District's records.



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# INTRODUCTION & BACKGROUND

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The Office of the Auditor General has conducted a performance audit of the Somerton Elementary School District pursuant to A.R.S. §41-1279.03(A)(9). This performance audit examines six aspects of the District's operations: administration, student transportation, plant operation and maintenance, expenditures of sales taxes received under Proposition 301, the accuracy of district records used to calculate the percentage of dollars spent in the classroom, and the District's English Language Learner Program.

Somerton Elementary School District is located in southwest Yuma County, encompassing 90 square miles, including most of the city of Somerton and parts of the cities of Yuma and San Luis. In fiscal year 2006, the District served 2,678 students in pre-kindergarten through 8th grade. The District has 5 schools. It has 3 kindergarten through 5th-grade schools, a 6th through 8th grade school, and a school for preschool and kindergarten students and adult education programs. This school opened in fiscal year 2006 and served about 305 kindergarten and pre-kindergarten students and approximately 120 adults. Construction of the school was funded by a combination of monies from the School Facilities Board and voter-approved bonds and capital overrides<sup>1</sup>. The District reported providing education to adults in programs such as English as a second language, GED preparation, parenting education, and interactive literacy activities that have parents and preschool children working together to promote language and literacy development.

A 5-member board governs the District, and a superintendent and associate superintendent manage it. In fiscal year 2006, the District employed 5 principals, 2 assistant principals, 137 certified teachers, 63 instructional aides, and 151 other employees, such as administrative staff, bus drivers, and custodians.

## District programs, challenges, and recognitions

The District offers various instructional and other programs (see textbox). For example, the District's Reading First program provides instructional

### The District offers:

- Reading First program
- Positive Behavioral Interventions and Supports of Arizona (PBISAz)
- Family literacy programs
- Adult education

<sup>1</sup> An override is voter-approved additional budget capacity that allows a district to budget to spend higher amounts than otherwise would be authorized.

and assessment tools to improve reading instruction for kindergarten through 3rd-grade students.

For the 2006 school year, the District had four schools labeled “performing” through the Arizona LEARNS program. However, only one of the District’s schools met “Adequate Yearly Progress” for the federal No Child Left Behind Act.<sup>1</sup> According to district officials, three schools failed to meet “adequate yearly progress” because too many special education students took the test using alternate accommodations, such as being able to use a calculator on the mathematics portion or having the reading portion read to them. Schools are required to test at least 95 percent of their students to meet “adequate yearly progress,” but students who receive alternate accommodations cannot be counted toward the District’s percent-tested requirement. The 95 percent requirement applies not only to the school as a whole, but also to subgroups such as special education students. District officials indicated that the schools provide alternate accommodations for special education students if their individualized education plan requires such accommodations. However, the three schools gave alternate accommodations to enough special education students that the schools could not meet the 95 percent criterion for this subgroup.

District officials stated that a high population of English Language Learners (ELLs) and a large migrant population continue to be challenges in maintaining and increasing student progress.<sup>2</sup> In 2006, the District reported that ELL students represented 66 percent of its total student population, one of the highest percentages reported by any district in the State. Further, according to district officials, one student in every three is considered a migrant student because their parents or guardians are employed in some form of temporary or seasonal agricultural-related work. These students arrive after the beginning of the school year in October and leave around April before the end of the school year, making it difficult to regulate class sizes and maintain student progress.

Another major challenge the District identified is recruiting and retaining teachers with bilingual or English as a second language (ESL) endorsements to teach its large number of ELL students. According to district officials, 53 of its 137 certified teachers had one of these endorsements in fiscal year 2006. Because the District mainstreamed almost all of its ELL students, only a few of its teachers required such endorsements. However, Somerton ESD officials believe all of their teachers need these endorsements to effectively teach ELL students. Additionally, the District spends a significant amount for instructional support services as district officials believe this extra training better prepares its teachers to educate ELL students. For example, in fiscal year 2006, the District paid stipends for 51 employees to receive training in the Sheltered Instruction Observation Protocol (SIOP), which is a teaching model designed to help ELLs develop English language skills while learning grade-level content. SIOP training includes strategies for teacher preparation, content

• 1 The school serving only preschool and kindergarten students was not included in Arizona LEARNS or the No Child Left Behind Act evaluations.

2 English Language Learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English.

delivery, and assessment of student work. District officials also believe the special programs it offers students and families have helped overcome some of these challenges. One example is Even Start, which provides English and other education for parents who do not speak English, allowing these parents to more fully participate in their child's education.

## Scope and methodology

Based in part on their effect on classroom dollars, as reported in the Auditor General's annual report, *Arizona Public School Districts' Dollars Spent in the Classroom (Classroom Dollars report)*, this audit focused on three operational areas: administration, student transportation, and plant operation and maintenance. Further, because of the underlying law initiating these performance audits, auditors also reviewed the District's use of Proposition 301 sales tax monies and how accurately the District accounted for dollars spent in the classroom. In addition, auditors reviewed the District's expenditures for English Language Learner (ELL) programs to provide an overview of how the District used these monies.

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2006 summary accounting data for all districts and the Somerton Elementary School District's fiscal year 2006 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff. To develop comparative data for use in analyzing the District's performance, auditors selected a group of comparable districts. Using average daily membership counts and number of schools information obtained from the Arizona Department of Education, auditors selected the comparable districts based primarily on having a similar number of students and schools as Somerton Elementary School District, and secondarily on district type, location, classroom dollar percentage, and other factors. Additionally:

- To assess the District's administrative costs' accuracy, auditors evaluated internal controls related to expenditure processing and tested the accuracy of fiscal year 2006 expenditures. Auditors also reviewed personnel files and interviewed district and school administrators about their duties, salaries, and related costs, and compared these to similar districts'.
- To assess whether the District's transportation program was managed appropriately and functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, bus maintenance and safety records, and bus capacity utilization. Auditors also reviewed fiscal year 2006 transportation costs and compared them to similar districts'.

- To assess whether the District's plant operation and maintenance function was managed appropriately and functioned efficiently, auditors reviewed and evaluated fiscal year 2006 plant operation and maintenance costs and district building space, and compared these costs and capacities to similar districts'.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2006 expenditures to determine whether they were appropriate, properly accounted for, and remained within statutory limits. Auditors also reviewed the District's performance pay plan and analyzed how performance pay was being distributed.
- To assess the accuracy of the District's classroom dollars and other expenditures, auditors reviewed accounting records to determine whether costs were properly recorded.
- To assess the District's compliance with ELL program and accounting requirements, auditors examined the District's testing records for students who had a primary home language other than English, interviewed appropriate district personnel about the District's ELL programs and observed the programs, and evaluated the District's ELL-related revenues and costs.

The audit was conducted in accordance with government auditing standards.

The Auditor General and her staff express their appreciation to the Somerton Elementary School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

# CHAPTER 1

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## Administration

Somerton Elementary School District's fiscal year 2006 administrative costs were higher than comparable districts'. The District spent 12.9 percent of its total current dollars on administration, higher than both the state average of 9.4 percent and the comparison districts' average of 10.1 percent. On a per-pupil basis, the District's administrative costs were 51 percent higher than the comparable districts averaged, primarily due to having more administrative positions. The District also needs to improve controls over its purchasing process and accounting system.

### What are administrative costs?

Administrative costs are those associated with directing and managing a school district's responsibilities at both the school and district level. At the school level, administrative costs are primarily associated with the principal's office. At the district level, administrative costs are primarily associated with the governing board, superintendent's office, business office, and central support services, such as planning, research, data processing, etc. For purposes of this report, only current administrative costs, such as salaries, benefits, supplies, and purchased services, were considered.<sup>1</sup>

Administrative costs are monies spent for the following items and activities:

- General administrative expenses are associated with the governing board's and superintendent's offices, such as elections, staff relations, and secretarial, legal, audit, and other services; the superintendent's salary, benefits, and office expenses; community, state, and federal relations; and lobbying;
- School administration expenses such as salaries and benefits for school principals and assistants who supervise school operations, coordinate activities, evaluate staff, etc., and for clerical support staff;
- Business support services such as budgeting and payroll; purchasing, warehousing, and distributing equipment, furniture, and supplies; and printing and publishing; and
- Central support services such as planning, research, development, and evaluation services; informing students, staff, and the general public about educational and administrative issues; recruiting, placing, and training personnel; and data processing.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

<sup>1</sup> Current expenditures are those incurred for the District's day-to-day operation. They exclude costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

## Administrative costs per pupil were much higher than comparable districts'

As illustrated in Table 1 below, the District's administrative costs per pupil were higher than any other district in the comparison group. The District's fiscal year 2006 per-pupil administrative expenditures of \$905 were 51 percent higher than the \$600 average for the comparison group and \$174 higher than the next comparable district's during fiscal year 2006. The following tables use fiscal year 2006 cost information because it is the most recent year for which all comparable districts' cost data was available.

**Table 1: Total and Per-Pupil Administrative Cost Comparison**  
Fiscal Year 2006  
(Unaudited)

District Name	Total Administrative Costs	Number of Students	Administrative Cost Per Pupil
<b>Somerton ESD</b>	<b>\$2,424,484</b>	<b>2,678</b>	<b>\$905</b>
Blue Ridge USD	1,928,453	2,637	731
Santa Cruz Valley USD	2,200,851	3,472	634
Littleton ESD	2,123,127	3,783	561
Liberty ESD	1,562,540	2,805	557
Mohave Valley ESD	952,208	1,834	519
<b>Average of the comparable districts</b>	<b>\$1,753,436</b>	<b>2,906</b>	<b>\$600</b>

Source: Auditor General staff analysis of district-reported fiscal year 2006 accounting data and average daily membership information from the Arizona Department of Education.

Analysis of administrative costs by category shows the District's higher costs are mainly attributed to higher salaries and benefits, as shown in Table 2 (see page 7). The District spent \$807 per pupil, which was 56 percent higher than the average of \$517 for the comparable districts.

District employed more administrative positions—The District's high salary costs are primarily related to the number of administrative positions, not to higher salary levels. As shown in Table 3 (see page 7), the District had 42 administrative positions, about 45 percent more than the comparable districts' average of 29. The District had 1 administrative position for every 64 students, while the comparison districts averaged 1 for every 105 students.

**Table 2: Comparison of Per-Pupil Administrative Costs by Category**  
 Fiscal Year 2006  
 (Unaudited)

District Name	Salaries and Benefits	Purchased Services	Supplies and Other	Total
<b>Somerton ESD</b>	<b>\$807</b>	<b>\$80</b>	<b>\$18</b>	<b>\$905</b>
Blue Ridge USD	633	70	28	731
Santa Cruz Valley USD	563	51	20	634
Littleton ESD	451	73	37	561
Liberty ESD	513	30	14	557
Mohave Valley ESD	423	73	23	519
<b>Average of the comparable districts</b>	<b>\$517</b>	<b>\$59</b>	<b>\$24</b>	<b>\$600</b>

Source: Auditor General staff analysis of district-reported fiscal year 2006 accounting data and average daily membership information obtained from the Arizona Department of Education.

Some of the District's additional positions are related to the District's decision to operate smaller schools and to administer more federal and state grants. However, some of the additional staffing appears excessive relative to comparable districts' staffing levels.

More school-level administration positions—The District employed more school administrative positions such as school principals and school secretaries because it operated more schools than comparable districts, based on average student enrollment. In fiscal year 2006, Somerton Elementary operated 5 schools with an average enrollment of 536 students, while the comparable districts operated schools with an average enrollment of 626 students. This is partially due to the District's new school in fiscal year 2006, which served only about 300 kindergarten and special needs preschool students. According to district officials, part of the decision to open the new school was to house adult education programs in the

**Table 3: District Staffing Level Comparison**  
 Fiscal Year 2006  
 (Unaudited)

District Name	Number of	
	Administrative Staff <sup>1</sup>	Students Per Administrative Staff
Mohave Valley ESD	13	138
Littleton ESD	30	125
Liberty ESD	29	97
Santa Cruz Valley USD	39	88
Blue Ridge USD	34	77
<b>Somerton ESD</b>	<b>42</b>	<b>64</b>
<b>Average of the comparable districts</b>	<b>29</b>	<b>105</b>

<sup>1</sup> The number of administrative staff shown is based on full-time equivalents (FTE). For example, an employee working half-time in an administrative position would be counted as 0.5 FTE.

Source: Auditor General staff analysis of district-reported fiscal year 2006 payroll data and average daily membership information obtained from the Arizona Department of Education.

same location. However, since the new school served so few students, it contributed to Somerton ESD's higher administrative costs per pupil. Specifically, salaries and benefits for the school principal and two office staff account for about \$140,800, or \$53 per pupil.

**Some staffing reflected having more federal programs to administer**—The District employs more federal program directors and grants-related staff than comparable districts because of having significantly more federal and state project grants. In fiscal year 2006, the District had about two more director and manager positions than the comparable districts averaged. These two director positions were related to the District's federal programs. The District also employed a grants clerk and a federal program specialist while only two of the comparable districts had a similar position. These positions account for about \$248,000, or \$93 per pupil, in salaries and benefits. However, the District spends about \$5 million in federal and state grants while the comparable districts averaged about \$1.5 million, and these positions are responsible for acquiring and managing the additional funding.

**Some staffing appeared excessive relative to other districts**—About 8 of the District's 42 administrative positions reflected central office and school staffing levels that exceeded those of comparable districts. For example, in fiscal year 2006, the District employed an assistant superintendent and an assistant finance director while only one comparable district had an assistant superintendent and only one had an assistant finance director. These positions accounted for nearly \$160,300, or \$60 per pupil, in salaries and benefits costs. The District also had more clerks, secretaries, and accounting staff than comparable districts during fiscal year 2006. Specifically, the District had almost six positions more than comparable districts on a per-pupil basis. These positions accounted for about \$172,600, or about \$64 per pupil, in salaries and benefits. The District has begun reducing its administrative positions as it no longer employs an assistant finance director. However, the District should also review its assistant superintendent, clerk, secretarial, and accounting positions to determine other staffing reductions it can make.

## Inadequate controls over accounting system and expenditure process

The District has not established adequate security to protect the integrity of its accounting system. Specifically, several accounting system users were given access to all accounting system modules, including the ability to add new vendors, create purchase orders, record vendor invoices, and print checks. These users' access also gave them the ability to add new employees and change employee pay rates.

Allowing an individual the ability to initiate and complete a transaction without independent review and approval exposes the District to increased risk of errors, fraud, and misuse, such as processing false invoices or adding nonexistent vendors or employees.

The District could also improve password controls over the accounting system. The system administrator developed and assigned user passwords and had not established a process for users to change the assigned password to a confidential one. This increased the risk of an employee's accessing the accounting system posing as a different employee. In addition, because passwords were assigned, the District was not using the standard information system control of requiring users to change their passwords periodically, such as every 3 months. Confidential passwords that can be periodically changed are critical to protecting the integrity of the District's accounting system.

Further, the District failed to secure purchase orders and blank checks. Specifically, the preparers of purchase orders have access to the electronic signature, which effectively served as a blanket approval for all purchase orders. This increased the risk that an improper purchase order could be created and used to purchase inappropriate goods or services, which would then be charged to the District. The District also maintained nonnumbered, blank checks in an unlocked cabinet. Similar to the unsecured purchased orders, this increased the risk that an individual could process payments without proper approval. To lessen the risk of fraud and errors, the District should require purchase orders to be reviewed and approved by an employee other than the preparer, and limit access to blank checks to individuals that do not have the ability to record or approve payments.

## Recommendations

1. The District should review its administrative positions and their related duties to determine how administrative staffing can be reduced.
2. The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without an independent review and approval.
3. The District should improve password controls over its accounting system by requiring users to change assigned passwords to a confidential one and require users to change their passwords periodically.
4. The District should require purchase orders to be approved by an employee other than the preparer, and should limit access to blank checks to individuals who do not have the ability to approve or record expenditures.

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# CHAPTER 2

## Student transportation

The District's transportation costs per mile were 11 percent higher than the comparable districts' average. This contributed to the District's spending \$116,000 more on transportation than it received in transportation funding. Higher costs appear related to inefficient routing, although the District may also be able to reduce costs by limiting the amount of bus drivers' compensated nondriving time. To better manage its transportation program, the District should develop and monitor relevant performance measures such as cost per mile and cost per rider.

### Background

During fiscal year 2006, the District transported 1,098 students to and from their five schools. In addition to regular and special needs transportation, Somerton ESD provided transportation for field trips, athletic events, and routes for students participating in after-school activities. The District's bus storage facility is located near the District's headquarters and is within 1 mile of four of the five schools. The District utilizes staggered start times for its schools, allowing the same buses and bus drivers to make multiple morning and afternoon runs.

### District could improve program efficiency

As illustrated in Table 4 (see page 12), the District's cost per mile of \$2.95 was 11 percent higher than the average of \$2.66 for the comparable districts, and its \$496 cost per rider was 3 percent higher than the comparable districts' average of \$482. These higher costs contributed to the District's transportation expenditures exceeding state transportation funding by over \$116,000 in fiscal year 2006.

#### Transportation Facts for Fiscal Year 2006

Riders	1,098
Bus drivers*	9.7
Mechanics*	1.5
Average daily route miles	846
Total route miles	184,233
Total noncapital expenditures	\$544,101

\* Full-time equivalents

Table 4: Students Transported, Route Mileage, and Costs  
 Fiscal Year 2006  
 (Unaudited)

District Name	Total Riders	Total Route Miles	Total Noncapital Expenditures	Cost Per Rider	Cost Per Mile	Miles Per Rider
Santa Cruz Valley USD	2,123	586,848	\$1,346,995	\$634	\$2.30	276
Blue Ridge USD	1,664	310,234	854,936	514	2.76	186
<b>Somerton ESD</b>	<b>1,098</b>	<b>184,233</b>	<b>544,101</b>	<b>496</b>	<b>2.95</b>	<b>168</b>
Liberty ESD	1,689	475,464	748,966	443	1.58	282
Mohave Valley ESD	1,081	212,238	472,055	437	2.22	196
Littleton ESD	2,694	231,894	1,033,914	384	4.46	86
<b>Average of the comparable districts</b>	<b>1,850</b>	<b>363,336</b>	<b>\$ 891,373</b>	<b>\$482</b>	<b>\$2.66</b>	<b>205</b>

Source: Auditor General staff analysis of Arizona Department of Education fiscal year 2006 district mileage reports and district-reported fiscal year 2006 accounting data.

**District routes were inefficient**—The District may be able to reduce costs by making its routes more efficient. Auditors identified two indicators that the District’s routes were inefficient. First, the District’s bus capacity utilization rate for regular education routes averaged 70 percent of seat capacity while a school district with efficient bus routing will typically use at least 75 percent of bus capacity. While the District’s percentage includes routes with buses filled to capacity, it also includes some routes with ten or fewer students. Second, the District’s drivers each transported about 23 percent fewer riders and drove about 30 percent fewer miles, on average, than the comparison districts’ drivers.

District officials attributed some of these inefficiencies to the District’s rural location. For example, the District purposely used separate routes for students who live far away to minimize those students’ ride times. However, the District should conduct a thorough review of its routes to determine if routes can be modified or combined to reduce the number of buses, fuel usage, and number of bus drivers needed. While the District has reviewed its stops and made minor changes to existing routes, it has not undertaken a thorough review in several years.

**Nondriving time may be excessive**—The District may also be able to reduce its costs by limiting the amount of nondriving time that it pays bus drivers. For example, each driver was scheduled to spend 5 hours per week cleaning and fueling their buses. Although bus drivers need some nondriving time for tasks such as bus inspections and trip preparation, the amount of time Somerton ESD allowed for this activity appeared excessive. Other districts that auditors have reviewed do not typically schedule additional time for cleaning and fueling buses.

Further, since the District's buses travel an average of only 50 miles per day, they should not need a full refueling and cleaning each day. The District should review nondriving activities such as these to determine whether some drivers' schedules could be reduced, in turn lowering total transportation costs.

## Performance measures would facilitate transportation program management

The District's higher costs emphasize the need for monitoring its transportation operations. However, the District has not established and monitored performance measures. Measures such as cost per mile and cost per rider can help the District identify areas for financial improvement. Monitoring data on driver productivity and bus capacity utilization rates can help identify route segments with low ridership, segments that may be combined, or buses that are overcrowded. Without such data and performance measures, the District is unable to evaluate the efficiency of its program and proactively identify operational issues that may need to be addressed.

## Recommendations

1. The District should review and modify its bus routes to increase their efficiency.
2. The District should review and limit the amount of nondriving time for which it pays its bus drivers.
3. To aid in evaluating the costs and efficiency of its transportation program, the District should develop and monitor performance measures, including cost per mile, cost per rider, driver productivity, bus capacity utilization, and ride times.



# CHAPTER 3

## Plant operation and maintenance

In fiscal year 2006, Somerton ESD spent 10.8 percent of its current dollars on plant operation and maintenance, close to the average for all Arizona districts of 11.2 percent. However, the comparable districts spent less—9.9 percent. On a per square-foot basis, the District's costs were 38 percent higher than the average of the comparable districts. The higher costs are due to more plant operation and maintenance positions and higher purchased services and electricity costs.

### What are plant operation and maintenance costs?

Salaries, benefits, and other costs for heating and cooling, equipment repair, groundskeeping, and security.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

## District's plant operation and maintenance costs were higher than comparable districts'

As shown in Table 5 (see page 16), the District's \$6.64-per-square-foot plant operation and maintenance costs were \$1.83, or 38 percent, higher than the comparable districts' average of \$4.81, and 15 percent higher than the state average for medium-sized school districts. Its per-pupil plant costs of \$753 were also 27 percent higher than the comparable districts' average of \$592.

Further review of the District's plant costs by category showed that costs were higher in salaries and benefits, purchased services, and supplies (see Table 6 on page 17).

**Higher salary and benefit costs due to more employees**—The District's salary and benefit costs totaled \$2.74 per square foot in fiscal year 2006, compared to the average of \$1.95 for the comparable districts. These higher costs were largely because Somerton had more employees. The District employed about 26 full-time equivalent (FTE) plant employees, 19 percent more than the comparable districts' average of about 22 FTEs.<sup>1</sup> The resulting higher salary and benefit costs were the main reason for the District's higher physical plant costs, accounting for 43 percent (\$0.79) of the difference between the District's per-square-foot plant costs and the average plant costs for the comparable districts.

<sup>1</sup> Includes the three comparable districts that did not outsource their custodial activities.

Table 5: Plant Costs and Square Footage Comparison  
 Fiscal Year 2006  
 (Unaudited)

<b>Plant Costs</b>					
<b>District Name</b>	<b>Total</b>	<b>Per Student</b>	<b>Per Square Foot</b>	<b>Total Gross Square Footage</b>	<b>Square Footage Per Student</b>
<b>Somerton ESD</b>	<b>\$2,017,782</b>	<b>\$753</b>	<b>\$6.64</b>	<b>303,664</b>	<b>113.4</b>
Blue Ridge USD	1,797,242	681	4.61	390,254	148.0
Mohave Valley ESD	1,228,468	670	5.49	223,864	122.1
Littleton ESD	2,072,777	548	5.27	393,367	104.0
Santa Cruz Valley USD	1,861,127	536	4.33	429,459	123.7
Liberty ESD	1,469,115	524	4.34	338,836	120.8
<b>Average of the comparable districts</b>	<b>\$1,685,746</b>	<b>\$592</b>	<b>\$4.81</b>	<b>355,156</b>	<b>123.7</b>
<b>State-wide average of medium-sized school districts</b>		<b>\$948</b>	<b>\$5.76</b>		

Source: Auditor General staff analysis of district-reported fiscal year 2006 accounting data and average daily membership information obtained from the Arizona Department of Education, and fiscal year 2006 gross square footage information obtained from the Arizona School Facilities Board.

In terms of area maintained, Somerton ESD's plant employees maintained about 11,800 square feet each, while the comparison districts' employees maintained about 15,900 square feet each. Specifically:

- **More supervisor and director positions**—In fiscal year 2006, the District employed three supervisors, which is about two more supervisors than the average of the comparison districts. The two extra supervisors accounted for about \$71,000, or \$0.23 per square foot, in salaries and benefits costs. Further, the District employed a facilities director, while two of the comparable districts did not have such positions.
- **More maintenance and custodial positions**—In fiscal year 2006, the District employed about 20 maintenance workers, custodians, and groundskeepers. This is approximately 1 employee for each 15,200 square feet, while the comparison districts had 1 employee for each 19,600 square feet. If the District had staffed similarly to the comparison districts, it would have about 4.5 fewer employees and could reduce plant costs by about \$130,500, or \$0.43 per square foot.

Table 6: Comparison of Per-Square-Foot Plant Costs by Category  
Fiscal Year 2006  
(Unaudited)

District Name	Plant Costs			Cost Per Square Foot
	Salaries and Benefits	Purchased Services	Supplies and Other	
<b>Somerton ESD</b>	<b>\$2.74</b>	<b>\$1.82</b>	<b>\$2.08</b>	<b>\$6.64</b>
Mohave Valley ESD	2.94	1.04	1.51	5.49
Littleton ESD	1.95	1.90	1.42	5.27
Blue Ridge USD	1.86	1.08	1.67	4.61
Liberty ESD	1.44	1.49	1.41	4.34
Santa Cruz Valley USD	1.54	1.33	1.46	4.33
<b>Average of the comparable districts</b>	<b>\$1.95</b>	<b>\$1.37</b>	<b>\$1.49</b>	<b>\$4.81</b>

Source: Auditor General staff analysis of district-reported fiscal year 2006 accounting data and fiscal year 2006 gross square footage information obtained from the Arizona School Facilities Board.

**Higher purchased service costs**—As shown in Table 6 above, the District's \$1.82 per square foot purchased service costs were 33 percent higher than the comparable districts' average of \$1.37. Higher purchased services costs were primarily related to communications costs, which were 159 percent higher than comparable districts averaged and accounted for \$0.44 of its higher per-square-foot plant costs:

- Data and voice communication lines**—Somerton ESD pays more for its digital voice and high speed data communication lines apparently because of its location and the number of lines used. These communication lines are used for internet access, telephone, and network communications. According to district officials, its distance from the provider's location affects the price of the lines. District officials also stated that they need more data lines to support more computers because the District is providing one computer for every five students while the state standard is one computer for every eight students. The District also supports laptop computers for each teacher and computers for the administrative staff, for a total of about 1000 computers. Additionally, the District had more digital voice lines than comparable districts in order to provide a telephone in each classroom and an extension for most employees. The District is able to provide these additional communication lines because it qualifies for the Federal Communication Commission's E-Rate reimbursement program, which provides the District with a 90 percent reimbursement for these communication costs. The District investigated some

potentially less costly communication mediums such as installing wireless towers or their own fiber optic cables, but those costs would not be reimbursed by the E-Rate program. Since the E-Rate program may not always be available and communication costs are a significant portion (24 percent) of Somerton ESD's higher per-square-foot purchased services costs, the District should continue its monitoring of other data communication options.

- **Cell phones**—The District also paid about \$25,800 to provide cell phones for 34 employees during fiscal year 2006. In contrast, the four comparable districts that responded reported little or no cell phone costs. The cell phones were provided to staff such as the superintendent, principals and assistant principals, plant employees, and computer technicians. District officials stated that cell phones are given to certain employees so they can be reached in case of emergency. However, the District did not have a policy regarding which positions should be provided a cell phone or other issues such as personal use of the phones. Further, the District incurred about \$2,700 in additional charges for international minutes and chargeable calls such as information. Somerton ESD should evaluate the necessity of providing cell phones, develop a district policy for their use, and present the policy to the governing board for approval.

**Higher electricity costs**—The majority of the District's higher supply costs were due to higher electricity costs. Somerton ESD's electricity costs were 45 percent higher per square foot than the comparable districts averaged and appeared to result from higher usage. Likely contributing to this higher usage, the District has significant use of its facilities during nonschool hours by both students and nonstudent groups, such as for adult education purposes. For example:

- The District held 4-hour Saturday reading classes for students at its four elementary schools as part of its Reading First program.
- The District leased the middle school to a college on weeknights from 4 pm to 9 pm. The college used 14 classrooms, a kitchen, a computer room, and an office. Additionally, the District leased modular buildings on the middle school campus to a county consortium to operate an alternative school. Although the District receives lease income from these agreements, it is not applied toward reducing electricity costs.
- The District also operated an adult education program at one of its schools. The program held classes during the regular school day and also two nights a week from 6 pm to 9 pm. The District reported that adult students make up about 17 percent of the attendance at this school during the day and about 62 adults attended the night classes. Although the District received federal and state grants to run this program, according to district officials, the grants do not provide monies for facilities, such as utilities or building maintenance.

Some of the District's high electricity costs may also be due to its lack of an energy conservation plan. Although the District has energy management systems at most of its schools to manage lighting and air conditioning, it had not developed a conservation plan to educate staff and students about energy conservation and encourage them to help reduce the District's energy use. District officials are currently developing an energy conservation plan and have also replaced the air conditioner units at the administrative offices of two schools with more energy-efficient units.

## Recommendations

1. The District should review staffing levels to determine whether the number of plant operation and maintenance positions can be reduced.
2. The District should evaluate the necessity of providing cell phones, develop a district policy for their use, and present the policy to the governing board for approval.
3. The District should evaluate its energy usage and implement an energy conservation plan to help reduce energy usage.



# CHAPTER 4

## Proposition 301 monies

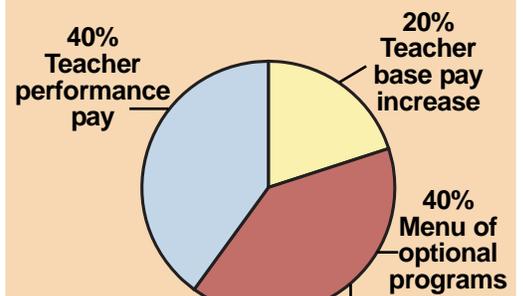
In November 2000, voters passed Proposition 301, which increased the state-wide sales tax to provide additional resources for education programs. Somerton Elementary School District spent its Proposition 301 monies for purposes authorized by statute. However, the majority of its performance pay goals did not promote improved performance since they were based on activities already expected of employees. Further, performance pay was awarded to some employees not meeting the stated goals, and documentation was not maintained for some awards.

### Background

In approving Proposition 301, voters increased the state-wide sales tax by six-tenths of 1 percent for 20 years. Under statute, after allocations for ten state-wide educational purposes, such as school facilities revenue bonds and university technology and research initiatives, the remainder of the revenue goes to the state Classroom Site Fund for distribution to school districts and charter schools. These monies may be spent only in specific proportions for three main purposes: teacher base pay increases, teacher performance pay, and certain menu options such as reducing class size, providing dropout prevention programs, and making additional increases in teacher pay.

During fiscal year 2006, Somerton ESD received a total of \$897,900 in Proposition 301 monies and distributed \$928,867 to employees. The additional monies were from interest earnings and unspent amounts from prior years. Unspent Proposition 301 monies remain in the District's Classroom Site Fund for future years. During fiscal year 2006, each eligible employee could earn up to \$3,594 in proposition 301 monies.

Required apportionment of Proposition 301 monies



- AIMS intervention programs
- Class size reduction
- Dropout prevention programs
- Teacher compensation increases
- Teacher development
- Teacher liability insurance premiums

Eligible employees could earn:

Base pay	\$ 842
Performance pay	\$1,628
Menu option pay	\$1,124

## District did not adequately develop or follow its Proposition 301 plan

A committee of teachers and administrators developed the District's Proposition 301 plan, which identified certified teachers, counselors, librarians, and speech therapists as eligible to receive monies. Somerton ESD also paid monies to employees not identified in the plan as being eligible, such as instructional assistants and a substitute teacher. Further, the District's plan included performance goals that were based on existing expectations. In addition, Somerton ESD did not always adhere to its plan when awarding performance pay.

**Base pay**—Each eligible employee received a base pay increase of \$842, plus related benefits. The increases were paid in two installments in December and June of the fiscal year.

**Performance monies awarded inappropriately**—Each eligible employee could earn up to \$1,628 plus related benefits in performance pay. The performance pay was earned based on the following three goals: 50 percent was awarded for completing the 8-step instructional process, 40 percent was awarded based on collaboration and general expectations, and 10 percent was awarded based on student attendance. However, the District established performance goals that were based on existing employee duties, awarded monies to employees when stated goals were not attained, and did not maintain documentation for some awards.

- **Goals did not promote improved performance**—The majority of performance pay was awarded based on activities that were already expected of employees. Specifically, half of the performance pay (\$814) was awarded to employees based on completing an 8-step instructional process, but many of the steps were activities normally expected of Somerton ESD's teachers, such as developing instructional calendars and monitoring student progress. An additional 40 percent of the performance pay (\$651) was awarded based on collaboration and general expectations of which a main component was attending weekly team meetings that all teachers were required to attend.

When adopting performance-based compensation systems, A.R.S. §15-977 requires school districts to include goals addressing student achievement, student attendance, parent satisfaction ratings, dropout rates, student satisfaction ratings, and teacher development. While the statute allows districts to modify these measures if approved by the governing board in a public hearing, Somerton ESD should consider establishing more of the statutorily recommended performance measures, such as academic

achievement measures based on individual employee and/or school performance that promote sustained or improved performance.

- **Payments made to inappropriate employees**—The remaining 10 percent of performance pay (\$163) was based on achieving a student attendance rate of 94.1 percent or higher. The District awarded the attendance-related portion of performance pay to employees even though the attendance goal was not fully attained. Eligible employees were to receive half of the amount if their schools met the goal, and the other half if the District also achieved the goal. However, even though the 94.1 percent attendance goal was not met district-wide, and for one of the five schools, the District awarded the performance pay to eligible employees as if these goals had been met. Approximately \$12,000 of performance pay was awarded inappropriately.
- **Some documentation was not maintained**—For seven of the ten employees selected for review, the District did not maintain documentation that they met their performance pay goals. During the year, schools individually track each employee's performance on the 8-step process and the collaboration and general expectations components. Auditors reviewed selected employee files at two schools for this documentation. One of the schools did not retain any documentation for fiscal year 2006 performance pay goals. The other school retained the documentation for current employees, but had discarded the documentation for a former employee. As a result, auditors could not verify if these employees were appropriately paid 90 percent of their performance pay monies.

**Menu options**—Statute allows school districts to choose among six different options for allocating the menu monies, including:

- AIMS intervention programs
- Class size reduction
- Dropout prevention programs
- Teacher compensation increases
- Teacher development
- Teacher liability insurance premiums

The District used its menu monies for teacher compensation increases with each eligible employee receiving a salary increase of \$1,124.

## Recommendations

1. To promote improved performance, the District should establish meaningful performance goals for activities or achievements that the District does not already require.
2. The District should ensure that performance pay is awarded only if the related goals are met.
3. The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with statute and the District's plan.

# CHAPTER 5

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## Classroom dollars

A.R.S. §41-1279.03(A)(9) requires the Auditor General to determine the percentage of every dollar that Arizona school districts spend in the classroom. Because of this requirement, auditors reviewed the District's recording of classroom and other expenditures to determine their accuracy. After correcting minor accounting errors, the District's classroom dollar percentage decreased to 50 percent, which is 8.3 points below the state-wide average for fiscal year 2006. However, the District's per-pupil spending is higher than the state and comparable district averages because Somerton ESD had more per-pupil resources available. The District's administrative percentage of 12.9 percent is 3.5 points higher than the state-wide average.

## Accounting errors understated administrative costs

Generally, the District correctly classified its fiscal year 2006 transactions in accordance with the Uniform Chart of Accounts for school districts. Relatively minor accounting errors decreased the District's instructional expenditures by approximately \$113,000 and increased its administrative expenditures by approximately \$378,000. Prior to the adjustments, the District's classroom dollar percentage was 50.5 and its administrative percentage was 10.9 percent. The District's corrected classroom dollar percentage is 50.0 percent and the administrative percentage is 12.9 percent.

## District has very low classroom dollar percentage, but spent more per pupil

As shown in Table 7 (see page 26), the District's corrected classroom dollar percentage of 50 percent is almost 10 points lower than the comparable districts' average and 8.3 points lower than the state average of 58.3 percent for the same year.

**Table 7: Comparison of Expenditure Percentages and Per-Pupil Expenditures by Function**  
 Fiscal Year 2006  
 (Unaudited)

Spending	Somerton ESD		Comparable Districts' Average		State Average 2006		National 5-Year Average	
	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures
Total Per Pupil		\$7,006		\$5,951		\$6,833		\$8,576
Classroom dollars	50.0%	\$3,506	59.8%	\$3,561	58.3%	\$3,981	61.5%	\$5,274
Nonclassroom dollars								
Administration	12.9	905	10.1	600	9.4	643	11.0	943
Plant operations	10.8	753	9.9	592	11.2	768	9.6	823
Food service	7.4	522	5.4	319	4.7	323	3.9	334
Transportation	2.9	203	5.1	302	4.2	290	4.0	343
Student support	6.6	460	5.5	325	7.2	490	5.1	438
Instructional support	9.4	657	4.2	252	4.8	327	4.7	403
Other	0.0	0	0.0	0	0.2	11	0.2	18

Source: Auditor General staff analysis of fiscal year 2006 School District Annual Financial Reports provided by the Arizona Department of Education, summary accounting data provided by individual school districts, and National Center for Education Statistics' (NCES) annual report, *Digest of Education Statistics* and fiscal years 2000 through 2004 NCES Common Core of Data [<http://nces.ed.gov/ccd/>].

However, in fiscal year 2006, Somerton ESD spent \$7,006 per student, about 18 percent more than the comparable districts' average of \$5,951 and about 3 percent more than the state average of \$6,833. Further, its \$3,506 per-pupil spending in the classroom was similar to the average of the comparable districts. However, because of its higher spending on administration, plant operations, food service operations, and support services, a smaller percentage of its available dollars were spent in the classroom. As shown in Table 7 above, Somerton Elementary spent a greater percentage of its current dollars than the comparable districts' averages in all noninstructional areas except transportation.

**More per-pupil resources**—The higher total per-pupil spending is attributable to the District's having more revenues per pupil than the comparable districts. The most significant of these additional revenues was federal and state grant monies.

In fiscal year 2006, the District spent \$1,355 per student, or about 235 percent, more than the comparable districts' average, from federal and state programs. These often included monies targeted toward at-risk students. For example, programs such as Title I and Reading First distribute the majority of monies based on the number of district students living at or below the poverty level. Somerton ESD spent a higher proportion of these Title I monies; 32 percent of its students

were living at or below the poverty level, whereas 17 percent of the comparable districts' students, on average, met this criteria. In fiscal year 2006, the District spent about \$348 more per pupil from Title I-related monies and \$279 more per pupil in Reading First grants than the comparable districts averaged. The District also received additional federal grants because of its high ELL and migrant populations. In fiscal year 2006, it spent about \$136 more per pupil than the comparable districts averaged in ELL-related federal grants such as Title III, and about \$188 more per pupil than the comparable districts in migrant grants, such as Migrant Even Start. Federal migrant grants provide funding for education programs and support services for migrant children, including vocational instruction, counseling, preschool services, and family literacy programs.

**Higher spending on instructional support services**—The District spent \$405 more per pupil than the comparable districts, on average, for instructional support services. Instructional support costs accounted for 9.4 percent of the District's current expenditures, 5.2 points higher than comparable districts and 4.6 points higher than the state average. Instructional support services include activities associated with assisting the instructional staff with the content and process of providing education for students.

The District spent additional monies on instructional support costs mostly as a result of increased federal and state program funding. In fiscal year 2006, Somerton ESD spent \$514 per student on instructional support services from state and federal programs, about 472 percent more than the average of the comparable districts. As mentioned previously, the District receives more federal and state grants than comparable districts because of its poverty level and ELL and migrant populations. Further, many of these grants, such as Title I and Reading First, allowed for teacher training and development and Somerton ESD chose to use the funding for this purpose. For example, the District spent about \$177 per pupil of its Reading First grant and about \$74 per pupil of its Title I grant on instructional support. District officials explained they use grant funding to develop existing teachers because they feel it is the best approach for improving instruction, resulting in better student achievement. Further, the officials indicated that since the funding sources are often temporary, using the monies for development rather than staffing allows them to avoid staff reductions when funding amounts fluctuate or expire.

**Higher food service costs**—In fiscal year 2006, 7.4 percent of the District's total current expenditures were spent on its food service program. This is 2.7 points higher than the state average of 4.7 percent. The District's per-pupil food service costs were also well above the average for comparable districts. The primary reason for the higher costs was greater student participation in Somerton ESD's food service program. According to district-reported data, Somerton ESD served about 202 meals per student in fiscal year 2006, while comparable districts averaged about 160 meals. Likely contributing to this higher participation, the

District participates in a special provision of the National School Lunch Program that offers free meals to all students. The District qualifies for this provision since 86 percent of its students were eligible for free or reduced-price meals.

## Recommendations

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
2. The District should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.

# CHAPTER 6

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## English Language Learner programs, costs, and funding

A.R.S. §15-756.12 and §41-1279.03(9) require the Auditor General to review school district compliance with English Language Learner (ELL) requirements. In fiscal year 2006, Somerton ESD identified approximately 66 percent of its students as English language learners, one of the highest percentages reported by any district in the state. The District provided instruction for these students in Structured English Immersion (SEI) and mainstream programs. In compliance with statute, the District tested students with a primary home language other than English to identify ELL students and provided them language instruction. However, the District will need to modify these programs extensively to comply with the new state requirements instituted in 2007. The District was also unaware of new state requirements instituted in 2007 for capturing ELL costs and has yet to comply with them. Further, Somerton ESD applied for and was approved a Compensatory Instruction (CI) Budget of \$91,000 in fiscal year 2007 but did not accept the monies. The District did not apply for a fiscal year 2008 CI budget.

## Background

English Language Learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. ELL students are identified through a state-adopted language proficiency test. School districts and charter schools are required to administer this test to students if the primary language spoken in the student's home is other than English, and then re-test annually those students identified as ELL. School districts must then report the test results to the Arizona Department of Education (ADE).

By reporting their numbers of ELL students, districts are eligible for additional monies for ELL programs through the State's school funding formula, the federal Title III program, and other sources. In addition, effective in September 2006, HB 2064 established the Structured English Immersion and Compensatory Instruction funds

and programs. Among other things, this law established an English Language Learner Task Force to develop and adopt research-based, cost-efficient SEI program models and establish procedures for determining the models' incremental costs—that is, the costs incurred that are in addition to those associated with teaching English-fluent students. The law also requires the Office of the Auditor General to biennially audit the State's ELL program, review ELL requirements in school district performance audits, and conduct financial audits of the SEI and CI budget requests of school districts selected for monitoring by ADE.

## Types of English Language Learner Programs in Arizona

During fiscal year 2006, school districts and charter schools offered ELL programs that are described in statute as Structured or Sheltered English Immersion, Bilingual, and Mainstream.<sup>1</sup>

- Structured English Immersion, or Sheltered English Immersion, is an English language acquisition process providing nearly all classroom instruction in English, but using a curriculum designed for children who are learning the language.
- Bilingual education/native language instruction is a language acquisition process providing most or all of the instruction, textbooks, and teaching materials in the child's native language. Many bilingual programs were eliminated after Proposition 203 was approved in November 2000.<sup>2</sup> However, some districts still maintain these programs for parents who sign waivers to formally request that their child be placed in a bilingual program.
- Mainstream involves placing ELL students in regular classrooms along with English-fluent students when the student is close to becoming English proficient or when there are not enough ELL students to create a separate SEI class. Generally, ELL students in mainstream classrooms receive the same instruction as English-fluent students, but receive additional support, such as small group lessons or assistance from an instructional aide.

Effective in fiscal year 2007, ELL compensatory instruction programs are defined as programs that are in addition to normal classroom instruction, such as individual or small group instruction, extended-day classes, summer school, or intersession, and that are limited to improving the English proficiency of current ELL students and those who have been reclassified within the previous 2 years.

<sup>1</sup> These programs are described in A.R.S. §15-751.

<sup>2</sup> In November 2000, voters passed Proposition 203, requiring that schools use English to teach English acquisition and that all students must be placed in English classrooms. The new law required that schools use SEI programs and eliminated the use of bilingual programs unless approved by parents with signed waivers.

Figure 1: ELL Requirements for School Districts and Charter Schools  
House Bill 2064 Provisions

**School districts and charter schools are required to:**

- Assess the English proficiency of new students when it is indicated that the primary language spoken in the home is other than English. In addition, students already identified as ELL must be tested annually.
- Monitor former ELL students who have been reclassified as English proficient and retest their language proficiency annually for 2 years.

**School districts and charter schools with ELL students can:**

- Submit a CI budget request to ADE and use these monies as specified to supplement existing programs.
- Adopt an SEI model and submit an SEI budget request to ADE, then use the monies as specified to supplement existing programs.

Source: Auditor General staff analysis of Laws 2006, 2nd Regular Session, Chapter 4 (HB 2064).

## District's ELL Program

State law requires that districts administer an English proficiency test to all students with a primary home language other than English. In fiscal year 2006, Somerton ESD administered the Stanford English Language Proficiency (SELP) exam to these students and identified 1,757 students as English language learners. The District offered language instruction for ELL students in mainstream and SEI classrooms.

**Mainstream**—In fiscal year 2006, the District placed all its kindergarten through 5th grade ELL students in mainstream classrooms with English proficient students. According to district officials, teachers provided modified instruction using the Structured Instruction Observation Protocol (SIOP model), and teaching strategies and techniques incorporated additional language skills into regular content instruction. All students in kindergarten through 5th grade, including English proficient students, attend a language reading block for 2.5 hours daily. According to district officials, the block focuses on vocabulary, fluency, word recognition, and oral skills.

### Levels of English Language Proficiency:

**Pre-emergent**—Student does not understand enough language to perform in English.

**Emergent**—Student understands and can speak a few isolated English words.

**Basic**—Student may understand slower speech, and speak, read, and write simple words and phrases, but often makes mistakes.

**Intermediate**—Student can understand familiar topics and is somewhat fluent in English, but has difficulty with academic conversations.

**Proficient**—Student can read and understand texts and conversations at a normal speed, and can speak and write fluently with minor errors.

Source: Arizona Department of Education.

During 1 hour of this time, students are grouped by proficiency levels and the teacher may receive additional assistance from a reading interventionist or an instructional aide for some of the groups. The District has at least two reading interventionist at each school. These teachers move between classrooms, working with students who need additional help during the language blocks.

**Structured English Immersion (SEI)**—Although most of the District’s ELL students are taught in mainstream classrooms, the District offers a newcomers class at its middle school specifically for first year ELL students who are at the pre-emergent or emergent proficiency levels. At the beginning of the 2007-2008 school year, about 25 students participated in the newcomer program, although the District indicated this may increase to as many as 40 students once the migrant students register for classes. Unlike other students who go from one class to another, the newcomers stay with the ELL teacher for all language and content classes. Within the newcomers class, students are grouped by the teacher based on language proficiency. More proficient students are grouped with two or three less proficient students to help them when needed. The class uses the same textbooks as mainstream students for all content areas, but has two additional workbooks designed for language acquisition. According to the class schedule and discussion with district officials, about 2.5 hours are allocated for language skills and academic content is taught during the remaining 3 hours. However, district officials indicated that language skills are emphasized much more during the first quarter and content is taught the remainder of the year so that students do not fall behind academically. After the first year or sooner if determined to be proficient, newcomers are placed in mainstream classrooms.

The District had an additional newcomers program at Tierra del Sol Elementary School for fiscal years 2002-2006 that was funded by a federal bilingual education grant. According to district officials, this program offered a 90-minute pull-out class for 3rd-, 4th-, and 5th-grade students who were new to the United States and had limited English proficiency. These students stayed in the program for 1 to 3 years depending on proficiency. District officials estimated that 25 students participated in the program each year. The pull-out class was taught by a bilingual-endorsed teacher and focused on language acquisition, emphasizing reading and vocabulary development. The funding was also used to purchase bilingual reading textbooks, vocabulary kits, supplies, and materials and allowed the school to hire a teacher coach, pay for teachers to obtain ESL endorsements and additional training, and hire a parent liaison and a data clerk for the program. According to the school principal, the program was not offered to 1st- and 2nd- grade students because almost all the students entering 1st grade speak limited or no English and all of their classes were structured to teach language skills. Since the grant ended in fiscal year 2006, the school no longer has a newcomers program and places all its ELL students in mainstream classrooms.

Program changes needed to meet new state requirements—The District will need to substantially change its program to meet new state standards. Statute now requires districts to provide first-year ELL students with 4 hours of English Language Development (ELD) in accordance with models developed by an ELL Task Force. The adopted SEI models specify that ELD teaches English language skills to students who are in the process of learning English. It is distinguished from other types of instruction in that the content taught is the English language itself. District schools are currently not offering 4 hours of strictly ELD instruction and are instead incorporating English skills into its content instruction. Complying with the models, which were adopted in September 2007, means the District will have to do the following:

- Provide 4 hours of English Language Development instruction that includes components such as speaking, grammar, vocabulary, reading instruction, and writing instruction.
- Ensure that ELD instruction is provided by qualified teachers.
- Group students by English proficiency levels and grades.

District officials stated that they are currently working to develop a program in line with the state requirements and plan to implement the changes in the 2009 school year.

Compensatory Instruction—The District offers after-school tutoring and a summer school program for all students but only offers language acquisition tutoring specifically for ELL students at one school. According to district officials, all teachers in the District provide tutoring for their students for 1 hour after school, 3 to 4 days a week, and occasionally before school. The District also offers a jumpstart program for 3 weeks in the summer that helps students prepare for the next school year. The one elementary school that offers language acquisition tutoring for ELL students does so in before- and after-school sessions taught by an instructional aide. At the middle school, the teacher of the newcomers class provides tutoring for her students after school. According to the teacher, the majority of the tutoring time focuses on language skills, but may include other content areas.

Compensatory instruction, as currently defined by state statute, is limited to improving English proficiency of current ELL students and students who were previously classified as ELL but have become proficient within the previous 2 years. According to district officials, although these after-school and summer programs are attended by many ELL students, they are also attended by migrant students and other students who need the additional help. The programs, which are funded by federal Title I and Title III grants and various migrant grants, are not

strictly focused on English Language Development and may cover other content areas. To be eligible for CI funding from the State, the District will have to offer programs that provide ELD instruction and offer it only to qualifying students. District officials stated that they plan to apply for Compensatory Instruction funding in fiscal year 2009. They expect that the ELD tutoring will be provided by the ELL teachers once an SEI model is implemented, but they are still working to develop a qualifying summer program

**Teacher qualifications**—In fiscal year 2006, about 53 of the District's approximately 137 teachers and 8 administrators have either the ESL or bilingual endorsement. Employees with ESL or bilingual endorsements are eligible to receive a stipend of up to \$1,200. According to district officials, all teachers have the required provisional SEI endorsement, and the District has a plan for all teachers to obtain the full SEI endorsement by the prescribed deadline in 2009.

## District's ELL Funding and Costs

### Incremental cost example:

- Average class size of 25 students, but ELL class size 15.
- Average teacher salary of \$42,000 (excluding stipends and other special pay).
- 825 total students would require 33 teachers.
- With 75 ELL students, 5 ELL teachers would be required, and the remaining 750 students would require 30 teachers, for a total of 35 teachers.

ELL program salary cost:  
 $\$42,000 \times 5 \text{ ELL teachers} = \$210,000$

ELL Incremental salary cost:  
 $\$42,000 \times 2 \text{ additional teachers} = \$84,000$

In fiscal year 2006, the District did not separately account for ELL-related costs, and program costs could not be determined from the District's records. The District had available approximately \$1,177,000 in ELL-related funding, including about \$654,600 in additional state aid known as ELL B-weight monies, \$448,500 in federal grants such as Title III, and \$74,000 in ELL grant monies remaining from previous years awarded for compensatory instruction, materials, supplies, and bonuses for teachers.

The District also did not separately account for its incremental ELL costs in fiscal year 2007, and district officials were unaware of the new accounting requirements that took effect at the beginning of fiscal year 2007 requiring districts to identify and report ELL incremental costs. Incremental costs are those in addition to the normal costs of educating English-proficient students. Incremental costs would not include costs that replace the same types of services provided to English-proficient students. As shown in the textbox example, if ELL instruction is provided in smaller classes, the additional teachers needed to achieve the smaller class size would be an incremental cost.

**Compensatory Instruction Budget Request**—ADE awarded Somerton ESD a Compensatory Instruction (CI) budget of \$91,000 in May of 2007. However, the District did not accept the monies or implement the related CI program. District officials incorrectly believed the monies had to be used in fiscal year 2007 and, with less than 2 months remaining in the school year, decided to decline the award because its existing programs were already in place and fully funded by other

sources. The District did not apply for the fiscal year 2008 CI monies because it missed the required deadline for submission.

## Recommendations

1. The District should comply with statutory requirements to provide 4 hours of English language acquisition daily in an ELL student's first year.
2. The District should begin separately accounting for the incremental portion of ELL costs, and retain supplemental documentation of how those amounts are being determined.
3. The District should apply for and accept monies available from ADE through the Compensatory Instruction fund and the Structured English Immersion fund, when available, to support its ELL program.



# DISTRICT RESPONSE



# Somerton School District No. 11

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May 6, 2008

Debbie Davenport, Auditor General  
2910 N. 44th Street, Suite 410  
Phoenix, Arizona 85018

Dear Ms. Davenport:

Please accept this as our written response to the performance audit of the Somerton Elementary School District. We would like to thank you and your staff for the professional manner in which the audit was conducted. We welcome your performance improving recommendations as we strive to be more accountable to our students, parents and community.

The timing of the audit was very beneficial to our school district as we were striving to improve the efficiency and accountability of the school district. We are pleased to report that we have implemented and adopted every one of the recommendations presented in the audit before the report is officially adopted and presented to the public.

Your recommendations are not viewed as criticisms but ideas to assist the District in performing in a more efficient manner. We are looking forward to the audit followup in a few months.

Please find attached our official written responses to each of the audit recommendations. If you have any questions, please do not hesitate to contact us.

Sincerely,

Doug Rutan  
Superintendent

# DISTRICT RESPONSE

## Chapter 1 - Administration

### Recommendations

1. The District should review its administrative positions and their related duties to determine how administrative staffing can be reduced.

**Response:** The District agrees with this recommendation. After a review of all administrative positions, the District has chosen to eliminate or reduce FTE's for various positions. The District developed a formula to determine the need for secretarial positions at every campus, including the district office. Through this process several positions have been eliminated and others have been combined with other duties as assigned. In addition, the district will ensure through attrition that several positions will not be replaced.

#### **Positions that have been eliminated so far include:**

1 FTE - Director of Finance  
2 FTE's - Accounting III  
1 FTE - Custodian  
2 FTE's - Human Resources II and III  
3.4 FTE's - Secretary II and III  
.5 FTE - Warehouse Clerk  
5 FTE's - Food Service Worker  
.3 FTE - Grant Writer  
Part Time Clerical - District Office  
1 FTE - Maintenance Director  
3 FTE - Instructional Assistants

#### **Positions to be eliminated through attrition include:**

1 FTE - Maintenance position  
1-2 FTE - Custodians  
1-2 FTE - Administrators  
1-3 FTE - Bus drivers

Positions to be replaced with reduced hours through attrition include:

Bus drivers

Food Service Workers

2. The District should implement proper access control over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without an independent review and approval.

**Response: The District agrees with this recommendation. All accounting users have now been set up only to have access to the areas that are in relation to their job duties. Unfortunately, in our accounting system we do not have the ability to turn off certain areas within the modules for specific employees, but we do have specific procedures as to who is responsible for what. For example, in the Accounts Payable module, although the accounts payable staff has access to add new vendors, the only person that is responsible to add new vendors is the Business Manager. Also, no transaction is completed without the written approvals by the Business Manager and the Superintendent**

3. The District should improve password controls over its accounting system by requiring users to change assigned passwords to a confidential one and require users to change their passwords periodically.

**Response: The District agrees with this recommendation. Password controls have been set up so that no district users have access to the security module and the administrative password has been changed to a very secure one. Also, user passwords are set to a 90-day forced reset with an 8-character minimum.**

**The personnel department will inform Visions and the technology department when there are changes in employee positions that require changes in access to any data including Visions, Email, Server, Power School, ADE, etc.**

4. The District should require purchase orders to be approved by an employee other than the preparer, and should limit

access to blank checks to individuals who do not have the ability to approve or record expenditures.

**Response: The District agrees with this recommendation and now the Superintendent and the Business Manager approve all requisitions before they can be turned into purchase orders. Checks for payroll and accounts payable are printed at the district, but clear procedures are established for individuals from other departments to print and verify all checks against all invoices.**

## Chapter 2 – Transportation

### Recommendations

1. The District should review and modify its bus routes to increase their efficiency.

**Response: The District agrees with this recommendation and for fiscal year 2009 eight bus routes have been eliminated. We are in the process of looking at all routes to determine if other routes can be eliminated and combined to improve cost effectiveness.**

2. The District should review and limit the amount of nondriving time for which it pays its bus drivers.

**Response: The District agrees with this recommendation and for the 2008-2009 school year all bus driver times will be reduced by .19 FTE. Through attrition all bus driver positions will be reduced in hours to four or six hours.**

3. To aid in evaluating the costs and efficiency of its transportation program, the District should develop and monitor performance measures, including cost per mile, cost per rider, driver productivity, bus capacity utilization, and ride times.

**Response: The District agrees with this recommendation and will develop and implement transportation efficiency by continuously monitoring its costs in the ways recommended.**

## Chapter 3 – Plant Operation and Maintenance

### Recommendations

1. The District should review staffing levels to determine whether the number of plant operation and maintenance positions can be reduced.

**Response: The District agrees with this recommendation and is using current industry standards to develop formulas that calculate the number of FTE's and square footage in order to maintain the District. We are waiting for the results and will use the attrition process to eliminate positions in addition to the ones listed in the Chapter 1 response.**

2. The District should evaluate the necessity of providing cell phones, develop a district policy for their use, and present the policy to the governing board for approval.

**Response: The District agrees with this recommendation and has eliminated 13 cell phones (33%) and is looking to discontinue several more. The District is also reviewing and working on a policy to take to the Governing Board that will ensure proper usage of all cell phones.**

3. The District should evaluate its energy usage and implement an energy conservation plan to help reduce energy usage.

**Response: The District agrees with this recommendation and has set up a system to shut down the campuses during the summer months, keeping the temperature at a 90-degree Fahrenheit. In addition, we are looking at investing in an Energy Management System for the two schools that do not have the system in place. We are also developing a policy to which will address the proper temperature in the classroom**

**and other expected ways to reduce energy throughout the school district.**

## Chapter 4 – Proposition 301 monies

### Recommendations

1. To promote improved performance, the District should establish meaningful performance goals for activities or achievements that the District does not already require.

**Response: The District agrees with this recommendation and reconvened the 301 committee in school year 2006-2007 to revise the District's 301 Plan. The new plan has a performance component that will pay for performance only. Teachers are required to show academic growth with students in order to receive performance pay. Teachers are not required to participate in the performance component and if they choose not to do so they do not receive performance pay from 301 funds.**

2. The District should ensure that performance pay is awarded only if the related goals are met.

**Response: The District agrees with this recommendation and in the new 301 plan, developed for the 2007-2008 school year, principals are required to check and document each certified teacher's performance pay plan. Only those teachers meeting the requirement for 301 performance pay will be awarded those funds. Additionally, after checking each certified teacher's plan for compliance, each site principal will forward to the District Business Office a list of those certified teachers who qualify for 301 performance pay. All 301 documentation from each site will be kept for a minimum of three years.**

3. The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with statute and the District's plan.

**Response: The District agrees with this recommendation. With the implementation of the new 301 District Plan in school**

year 2007/2008 all documentation of pay out for Proposition 301 monies is on file and available for review.

## Chapter 5 – Classroom dollars

### Recommendations

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

**Response: The District agrees with this recommendation and is now coding all transactions appropriately in accordance with the Uniform Chart of Accounts.**

2. The District should closely analyze its spending in non-instructional areas to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.

**Response: The District agrees with this recommendation and has analyzed all areas of costs in non-instructional areas. Many non-instructional positions have already been eliminated and others will be eliminated through attrition. The District has also set up formulas to determine non-instructional personnel needs in the areas of building administration, clerical support and custodial staff. The District has set up a cost per pupil amount for building supplies. All of the additional money saved through these cuts is being redirected to the classroom.**

## Chapter 6 – English Language Learner programs, costs, and funding

### Recommendations

1. The District should comply with statutory requirements to provide 4 hours of English language acquisition daily in an ELL student's first year.

**Response:** The District agrees with this recommendation and has a plan in place to comply with the requirements of the 4 hours of ELL instruction for all ELL students in the 2008/2009 school year. Principals and other administrators have been working on scheduling the students by proficiency levels as determined by the AZELLA scores. The ADE Language Acquisition Department allowed all districts in the state to use the 2007/2008 school year as a transitional year in preparation for the new law. We did just that by preparing the teachers with various in-house training sessions and also with the training provided by ADE Office of English Language Learners trainers. Our staff will meet the needs of our ELL students according to their levels of English proficiency and abide by the precise breakdown of minutes for each area of oral language, reading, writing, and grammar as outlined by the law.

2. The District should begin separately accounting for the incremental portion of ELL costs, and retain supplemental documentation of how those amounts are being determined.

**Response:** The District agrees with this recommendation and has set up a separate code for ELL and is tracking costs as recommended.

3. The District should apply for and accept monies available from ADE through the Compensatory Instruction fund and Structured English Immersion fund when available to support its ELL program.

**Response:** The District agrees with this recommendation and will apply for Compensatory Instruction money when available. In the past we did apply, accept, and utilize compensatory money and then it was stopped by the state for over two years. When they brought it back in March of 2007 we applied and were approved for funding, but we did not accept it because we were told it had to be spent by June 30, 2007. By that time of year, we could have only used the funding for summer school, which we held in August, not June which was in the next fiscal budget year. In addition, the Title III final amendment deadline had been met by March 30 making it impossible to make revisions in the application to adjust for the Comp. Ed. Funding. We did not receive notification for the 2008 Comp. Fund until after the deadline. We will apply at the next opportunity to ensure that our ELL students are provided with all the extra support they need.

