

**REPORT
 HIGHLIGHTS**
 PERFORMANCE AUDIT

Our Conclusion

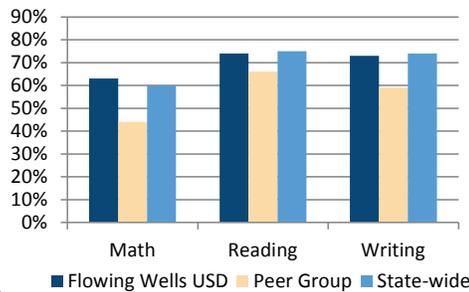
In fiscal year 2010, Flowing Wells Unified School District's student achievement was significantly higher than peer districts', and its operational efficiency was mixed. The District's administration operated efficiently and with lower staffing levels than peer districts', and its food service and student transportation programs operated reasonably well. However, the District's plant operations costs were significantly higher than peer districts averaged because it employed more plant staff, paid higher salaries due to employee longevity, and used more electricity. Although the District operated in a reasonably efficient manner in most areas, it reduced classroom spending significantly in fiscal year 2010, shifting monies to nonclassroom areas—a trend dating back to fiscal year 2005.

Significantly higher student achievement and mixed operational efficiency

Student achievement significantly higher than peer districts'—In fiscal year 2010, Flowing Wells USD's student AIMS scores were significantly higher than peer districts' averages. Although research suggests that students' achievement outcomes are influenced by their poverty level, Flowing Wells USD achieved AIMS passing rates that were similar to averages for the State and for districts with much lower poverty rates. According to district officials, it was able to achieve these passing rates in large part because of its extensive teacher-training program. However, despite its high passing rates on AIMS, three of the District's nine schools failed to meet "Adequate Yearly Progress" for the federal No Child Left Behind Act.

District's operational efficiency mixed—In fiscal year 2010, Flowing Wells USD spent a similar amount per pupil in the classroom as peer districts. However, the percentage of resources directed to the classroom has been declining in recent years. The District's administration operated efficiently with slightly lower costs than peer districts' primarily because it employed fewer staff. Additionally, the District's food service and student transportation programs operated reasonably well considering its large number of meals served and low number of miles driven. However, the District's plant operations costs were significantly higher than peer districts averaged because it employed more plant staff, paid higher salaries due to employee longevity, and used more electricity.

**Percentage of Students Who Met or Exceeded State Standards (AIMS)
 Fiscal Year 2010**



**Expenditures by Function
 Fiscal Year 2010**

Per Pupil	Flowing Wells USD	Peer Group Average
Administration	\$ 696	\$748
Plant operations	1,060	874
Food service	418	322
Transportation	240	396

District reduced classroom spending and shifted monies to other functional areas

Less funding available in fiscal year 2010, but cuts came entirely from the classroom—Between fiscal years 2009 and 2010, Flowing Wells USD's total per-pupil spending decreased by 8 percent, or \$606 per pupil. During that same time, classroom spending declined by an even greater amount—\$714 per pupil—while

nonclassroom spending actually rose.

**Comparison of Per-Pupil Expenditures
 Fiscal Years 2009 and 2010**

	Total	Classroom	Nonclassroom
2010	\$7,347	\$3,933	\$3,414
2009	7,953	4,647	3,306
Difference	\$ (606)	\$ (714)	\$ 108

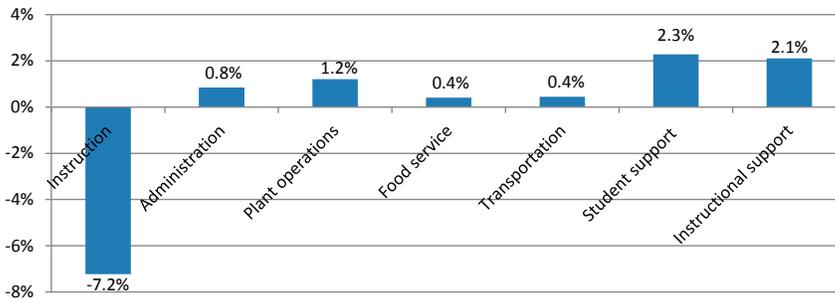


2012

This shift in spending away from the classroom was partially due to circumstances outside of the District's control, namely the reduction of Classroom Site Fund monies and Soft Capital Monies in fiscal year 2010 that had primarily been spent in the classroom in fiscal year 2009. However, the District's decision to make other budget cuts primarily in the classroom instead of proportionally to other operational areas also impacted classroom spending.

District shifted classroom spending to other functional areas—The District's shift in spending away from the classroom was significant between fiscal years 2009 and 2010, but also evident in the 5 years prior to fiscal year 2010. Between fiscal years 2005 and 2010, the District's total spending per pupil increased \$1,027, but only \$100 of this increase was spent in the classroom. The remainder was spent in nonclassroom areas, primarily student and instructional support, plant operations, and administration.

**Percentage Change of Expenditures by Operational Area
Fiscal Year 2005 Versus 2010**



Recommendation—The District should look for ways to reduce nonclassroom spending to allow it to direct more monies back into the classroom.

Higher plant costs related to higher staffing levels, more experienced staff, and high energy usage

In fiscal year 2010, Flowing Wells USD's \$7.51-per-square-foot plant operations costs were 32 percent higher than peer districts averaged. These higher costs occurred because the District employed more plant staff, paid higher salaries that reflected higher experience levels, and used more electricity.

Additional and more experienced employees increased salaries and benefit costs—Flowing Wells USD employed 73 plant operations staff compared to an average of 49 plant operations staff at an audited subset of the peer districts. Further, the District's plant operations employees averaged 9 years of service compared to the 6 years, on average, for the audited peer districts' plant operations employees.

District operates older and less energy-efficient buildings—The District also spent 42 percent more per square foot on electricity, in part because it operated older and less energy-efficient buildings, but also because it lacked a comprehensive energy conservation plan.

Recommendations—The District should:

- Review staffing levels to determine if it can reduce plant operations costs.
- Develop and implement an energy conservation plan to help reduce electricity costs.