



**REPORT
 HIGHLIGHTS**
 PERFORMANCE AUDIT

Subject

The Miami Unified School District is located 80 miles east of Phoenix in southern Gila County, encompassing 325 square miles. In FY 2007, the District had two elementary, one junior high, and one high school serving a total of 1,098 students.

Our Conclusion

Miami USD had high administrative costs, but low plant operation and maintenance and student transportation costs. Largely due to its high administrative costs, the District spent 51.6 percent of each dollar in the classroom, more than 6 percentage points below the state average of 57.9 percent. Miami did not have an ELL program in FY 2007 and 2008, but plans to implement a Structured English Immersion program in FY 2009 to comply with state standards.



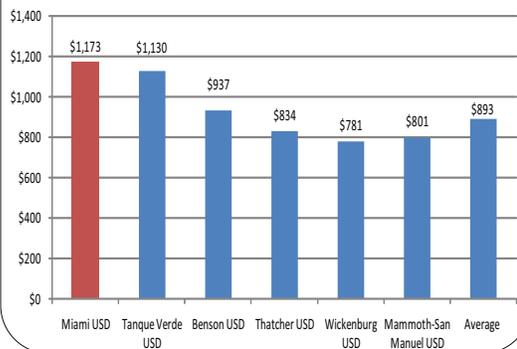
2008

November • 2008

Administrative Costs

Miami USD has high administrative costs. It spent 15.4 percent (\$1,173) of its current dollars per pupil on administrative costs for FY 2007, higher than the 12 percent average for comparable districts and the 9.5 percent state average.

Administrative Cost Per Pupil
 Fiscal Year 2007



Higher benefit costs—High benefit costs were the primary contributor to the District’s administrative costs. The District paid 100 percent of the health insurance costs for full-time employees. In addition, the District paid retirement bonuses and early-retirement incentives to four employees, and paid about \$271 a month to subsidize health and life insurance premiums for each of 50 retirees.



Dr. Charles A. Bejarano Elementary School
 Source: District Website

Weak accounting system access controls—Some employees were able to perform more functions on the accounting system than was necessary for their particular duties.

Poor controls over team shop sales—The District did not have adequate procedures for recording sales and tracking inventory. Receipts given by the team shop were incomplete, and there was no reconciliation of inventory to sales to show whether any losses had occurred. In addition, some sales were made on credit even though the District does not have a policy allowing credit sales. Because sales receipts were incomplete, the District cannot determine which credit sales remain unpaid and who owes the payments.

Recommendations

The District should:

- Consider whether to continue paying for future employees’ retiree healthcare benefits.
- Implement proper access controls for its accounting system.
- Properly control sales at the team shop.

Student Transportation

In FY 2007, Miami USD's per-rider transportation cost was 20 percent lower and the per-mile cost was 9 percent lower than the comparable districts' average.

Comparable Districts' Average v. Miami USD

- Cost per mile \$2.66 - \$2.43
- Cost per rider \$835 - \$664

The lower cost per rider and per mile is due to lower:

- Salaries and benefits—Miami does not employ a transportation director and pays its drivers about 12 percent less than the comparison districts.
- Repair costs—Miami's buses are only about 5 years old, and most repairs are performed under warranty.
- Parts and supply costs—Because most buses are still under warranty, most parts and supplies are also covered.

Inefficient routes—Although Miami has relatively low costs, those costs could be even lower with more efficient routes. The District's bus routes operate at 59 percent capacity, on average. For example, three buses cover essentially the same elementary student route each morning. However, the number of students picked up would fill only one bus.

Preventative maintenance not documented—The District did not meet state minimum standards for maintenance. It cannot show that it performed required preventative maintenance—such as checking the condition on the brakes, tires, and suspension—in FYs 2007 or 2008. Further, it does not have a schedule in place to ensure that maintenance is regularly performed.

Recommendations

The District should:

- Create and use efficient bus routes.
- Ensure bus preventative maintenance is performed and documented.

Plant Operation and Maintenance

Miami's \$4.09 per-square-foot plant operation and maintenance cost was 15 percent lower than the comparable districts' \$4.82 average cost.

Miami's total plant costs were also lower even though it operates and maintains 15 percent more square feet per pupil than the average for comparable districts.

The District has lower costs because:

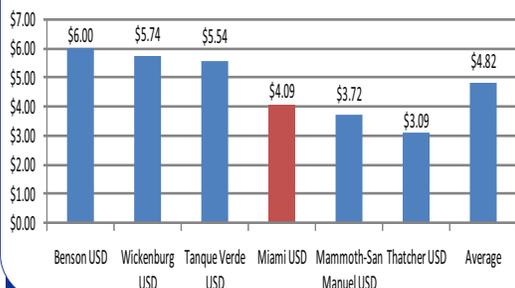
- It has fewer plant employees, and each employee maintains 36 percent more square feet

than employees in the comparison districts.

- District employees perform more maintenance and repairs rather than contracting for such services.
- The District spent less on supplies.

Opportunities to further lower costs—Although costs were lower overall, the District had high per-square-foot costs for water and natural gas, and it should look for ways to reduce these costs.

Cost Per Square Foot
Fiscal Year 2007



Recommendations

The District should:

- Monitor water and natural gas usage, and identify ways to reduce these costs.

Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent for 20 years beginning in FY 2001. Proposition 301 designates the money for teachers' base pay increases, performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

In FY 2007, eligible full-time employees received up to a total of \$5,380 consisting of:

- \$1,025 in base pay.
- \$2,055 in performance pay.
- \$2,300 in menu pay.

However, the District used about \$34,000 in Proposition 301 monies to supplant other district monies. Further, the District's Proposition 301 plan and teacher contracts did not specify the amounts of performance pay that could be earned. According to the Attorney General, all teacher compensation should be specified in their contracts.

Recommendations

The District should:

- Reimburse its Classroom Site Fund and ensure it does not use Proposition 301 monies to supplant other district monies.
- Specify in its Proposition 301 plan and teacher contracts the maximum amount or range for performance pay.

Classroom Dollars

Miami's classroom dollar percentage for FY 2007 was 51.6 percent, lower than the comparable districts' average of 57.7 percent, the state average of 57.9 percent, and the national average of 61.2.

The District's lower spending in the classroom is due to the District's spending more for:

- Employee and retiree benefits.
- Counselors, health assistants, speech aides, and a psychologist.
- Food service—The District served more meals and had a higher number of students who were eligible for free or reduced-price meals under the National School Lunch Program compared to comparable districts.

Per-pupil spending, FY 2007

	Total	Classroom
Miami USD	\$7,601	\$3,922
Comparable Districts	7,580	4,364
State	7,382	4,277
Nation	8,702	5,321

Misused tax credit monies—Tax credit monies are supposed to be used for extracurricular activities that are educational in nature such as band, after-school sports, science clubs, and trips for competitive events. However, the District spent about \$29,000 for noneducational items such as a 250-person banquet for the Miami USD Hall of Fame, trophy cases, picture frames, and a barbecue meal for students and parents.

Recommendations

The District should:

- Analyze noninstructional spending to redirect money to the classroom.
- Ensure that Tax Credit monies are spent in accordance with statute.

English Language Learner (ELL) Programs

English language learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. They are identified through a state-adopted test. About 2 percent (24) of Miami students were identified as ELL in fiscal year 2007.

Miami did not have an ELL program—In FYs 2007 and 2008, the District placed its ELL students in mainstream classrooms where they received the same instruction as English-proficient students. ELL students were supposed to receive extra support from teachers when necessary, but such support was not evident during our classroom visits.

Although the District had no Structured English Immersion (SEI) program in FYs 2007 or 2008, it has an approved SEI program for 2009. To accomplish this goal, the District plans to hire 2 teachers to provide English language development according to state guidelines.

Need to capture all incremental costs—Beginning in 2007, Districts are required to identify the incremental costs for their ELL programs. Miami captured some, but not all of its costs. However, its ELL funding still exceeded its expenditures. In FY 2007, the District received almost \$12,500 in ELL funding, or about \$500 per student. But, it spent only about \$4,400, or \$175 per student.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling
(602) 553-0333



or by visiting our Web site at:
www.azauditor.gov

Contact person for this report:
Ann Orrico

Recommendations

The District should:

- Implement its SEI plan for FY 2009.
- Account for all incremental ELL-related costs.