



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Division of School Audits

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Performance Audit

# Tempe Union High School District

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September • 2009  
Report No. 09-05



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**Debra K. Davenport**  
Auditor General

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AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

September 10, 2009

Members of the Arizona Legislature

The Honorable Jan Brewer, Governor

Governing Board  
Tempe Union High School District

Mr. Steve Adolph, Superintendent  
Tempe Union High School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Tempe Union High 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 September 11, 2009.

Sincerely,

Debbie Davenport  
Auditor General

DD:bl  
Enclosure

# SUMMARY

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The Office of the Auditor General has conducted a performance audit of the Tempe Union High 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 programs.

## Administration (see pages 5 through 7)

In fiscal year 2008, Tempe UHSD's administrative costs were similar to comparable districts'. However, the District needs to address two administrative issues. First, its cash-handling policies and procedures were not being followed at some of the school bookstores and were not adequate to properly safeguard cash. Inadequate controls and the lack of enforcement of district policies and procedures likely delayed the discovery of the alleged theft of \$192,000 by a bookstore manager. Second, the District paid \$43,700 for meals for employees who were not on travel status, resulting in an apparent gift of public monies.

## Student transportation (see pages 9 through 12)

In fiscal year 2008, Tempe UHSD's transportation program operated efficiently with lower costs than comparable districts'. The District's routes were efficient with regular routes averaging 81 percent of seat capacity. Additionally, its salary and benefit costs were lower than comparable districts' because most of its bus drivers and bus assistants were students from nearby colleges who may have been more willing to work part-time hours and not receive benefits. However, improvements can be made. Specifically, the District should (1) better oversee its fuel card usage, (2) ensure that preventative maintenance and bus inspections are documented in accordance with the Department of Public Safety's *Minimum Standards for School Buses and School*

*Bus Drivers*, (3) establish and monitor performance measures, and (4) adequately document miles used for state-funding purposes.

## Plant operation and maintenance (see pages 13 through 14)

The District's plant operations and maintenance program operated efficiently with a lower cost per square foot than comparable districts', on average. However, because it maintained significantly more building space per student, Tempe UHSD spent a greater percentage of its available operating dollars on plant operations than comparable districts' and districts state-wide, on average. The District operated more square footage per student because most of its schools operated well below their designed capacity. Further, the District's enrollment has not come close to the total designed capacity of its schools, and the District recently made the decision to lease additional space from a neighboring district. District officials have indicated that they do not believe that district voters would support the closing of a school.

## Proposition 301 monies (see pages 15 through 20)

For fiscal year 2008, Tempe UHSD spent its Proposition 301 monies for purposes authorized by statute. However, 40 percent of the performance pay was based on a goal that did not promote improved performance, and a portion of the performance pay was spent for purposes not included in the board-approved plan. Additionally, the District used at least \$245,000 to supplant—that is, replace—other district monies used for teacher compensation in fiscal year 2008. Supplanting is a violation of A.R.S. §15-977.

## Classroom dollars (see pages 21 through 23)

Even after correcting for accounting errors, the District's fiscal year 2008 classroom dollar percentage was 58.2 percent, 2.9 percentage points higher than the comparable districts' average and almost 1 percentage point higher than the State's average. Further, Tempe UHSD spent \$461 more per student in the classroom than the comparable districts, on average. Despite Tempe UHSD's higher classroom spending, its higher spending on plant operations indicates possible savings could also be achieved in this area and additional monies directed to the classroom. The District could also move more money into the classroom by using its Proposition 301 monies to supplement rather than supplant existing classroom spending.

## English Language Learner programs, costs, and funding (see pages 25 through 29)

Tempe UHSD needs to modify its Structured English Immersion (SEI) program to be in compliance with state requirements. Specifically, the District incorrectly used Individual Language Learner Plans at one school that had more than 20 English Language Learners (ELL) instead of providing language instruction in an SEI classroom and did not ensure that ELL students at another school received the required hours of language instruction. The District also over-reported its number of ELL students in fiscal year 2009, which, if not subsequently corrected, would have resulted in the overfunding of its ELL program in fiscal year 2010. Finally, in accounting for the costs of teaching ELL students, the District included more than its incremental costs.



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# INTRODUCTION & BACKGROUND

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The Office of the Auditor General has conducted a performance audit of the Tempe Union High 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.

Tempe Union High School District is located in the City of Tempe, within the greater Phoenix metropolitan area. The District encompasses approximately 162 square miles and serves the City of Tempe, the Town of Guadalupe, the Gila River Indian Community, the Ahwatukee Foothills area of Phoenix, and parts of Chandler. In fiscal year 2008, the District served 12,894 students in 9th through 12th grade. The District has 7 schools; 6 are traditional high schools and 1 is an alternative high school.

A 5-member board governs the District, and a superintendent and 2 assistant superintendents manage it. In fiscal year 2008, the District employed 7 principals, 19 assistant principals, 652 certified teachers, 110 instructional aides, and 529 other employees such as administrative staff, bus drivers, and custodians.

## District programs and recognitions

Tempe Union High School District offers a wide range of instructional and extracurricular programs (see textbox), such as gifted education programs, career and technical programs, and dual enrollment with Arizona State University and Maricopa County Community College. The District also offers a variety of clubs and activities including Students Against Drunk Driving, newspaper, Academic Decathlon, ceramics, drama, and yearbook. Additionally, the District is one of seven public school districts approved to operate an online learning program under the State's Technology Assisted Project-Based Instruction (TAPBI) Program. The Tempe Union Online Learning

### The District offers:

- Internship programs
- School-to-work programs
- Robotics program
- College credit classes
- Summer Bridge Program for incoming freshmen
- International Baccalaureate Program
- Gifted, honors, and advanced placement programs
- Vocational education
- Various athletics, extracurricular, and club activities

program offers students English, mathematics, social studies, science, and various elective courses. Students may enroll in courses on a part-time or full-time basis or in conjunction with another school. Approximately 850 students participated in classes through the online program in fiscal year 2008.

The District's alternative school, Compadre High School, was established in 1997 and serves about 250 students. The school was established to provide students with an option other than the traditional high school setting and for students who are behind in credits or who want to graduate early. Students attend a 4-hour session either in the morning or the afternoon, and learn through direct instruction, small group work, and structured work experiences.

Additionally, the District offers other specialized programs. The Health Occupation Preparatory Education (H.O.P.E.) Medical Academy is a partnership between Tempe High School, Tempe St. Luke's Hospital, and Mesa Community College that introduces and prepares students for health-care occupations. Field trips, guest speakers, job shadowing, internships, club activities and volunteering support the H.O.P.E. curriculum. The Peggy Payne Academy is a program designed for gifted students and is located at McClintock High School. Students are provided with advanced curriculum, dual enrollment opportunities with Arizona State University, and independent studies in a smaller learning environment. Additionally, students may choose to participate in McClintock High School's extracurricular programs and classes, giving them the benefits of both a small specialized program and a comprehensive high school.

The District also partners with various community organizations. For example, the District partners with the Tempe UHSD Education Foundation, a nonprofit organization that raises money to provide mini-grants to teachers, to help classified staff become certified teachers, to support teacher professional development, and other such activities. Additionally, students can participate in various service clubs that support organizations such as the March of Dimes and Amnesty International.

For the 2008 school year, all of the District's 7 schools and its TAPBI program received "performing" or higher ratings through the Arizona LEARNS program. The District had 4 schools labeled "excelling," 1 school labeled "highly performing," and 2 schools and its TAPBI program labeled "performing." Additionally, 5 of the District's 7 schools and the District's TAPBI program met "Adequate Yearly Progress" for the federal No Child Left Behind Act, while 2 schools failed to meet the goal set by the State for the percentage of students passing the AIMS test.

## Scope and objectives

Based in part on their effect on classroom dollars, as previously reported in the Auditor General's annual report, *Arizona Public School Districts' Dollars Spent in the Classroom* (*Classroom Dollars* report), this audit focused on the District's efficiency and effectiveness in 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 it accounted for dollars spent in the classroom. In addition, auditors reviewed the District's English Language Learner (ELL) program to determine its compliance with program and accounting requirements. To evaluate costs in each of these areas, only current expenditures, primarily for fiscal year 2008, were considered.<sup>1</sup> The methodology used to meet the objectives is described in this report's Appendix.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

1 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.



# CHAPTER 1

## Administration

Tempe Union High School District's fiscal year 2008 per-pupil administrative costs were similar to comparable districts' costs.<sup>1</sup> However, the District needs to address two administrative issues. First, its cash-handling procedures at the school bookstores were inadequate and not enforced, likely delaying the discovery of the alleged theft of district monies at one of its schools. Second, the District paid \$43,700 for meals for employees who were not on travel status, resulting in an apparent gift of public monies.

### Administrative costs per pupil were similar to comparable districts'

As shown in Table 1, Tempe UHSD's \$707 per-pupil administrative costs were similar to the comparable districts' average of \$680.

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

- **General administrative expenses** are associated with 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 administrative 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;
- **Central support services** such as business support services, planning, research, development, and evaluation services; informing students, staff, and the general public about educational and administrative issues; recruiting, placing, and training personnel; and administrative technology services.

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

Table 1: Total and Per-Pupil Administrative Cost Comparison  
Fiscal Year 2008  
(Unaudited)

District Name	Total Administrative Costs	Number of Students	Administrative Cost Per Pupil
Tolleson UHSD	\$6,550,777	8,516	\$769
<b>Tempe UHSD</b>	<b>9,115,407</b>	<b>12,894</b>	<b>707</b>
Higley USD	6,102,891	8,765	696
Glendale UHSD	9,845,198	14,866	662
Kingman USD	4,626,396	7,168	645
Yuma UHSD	6,696,598	10,679	627
<b>Average of the comparable districts</b>	<b>\$6,764,372</b>	<b>9,999</b>	<b>\$680</b>

Source: Auditor General staff analysis of district-reported fiscal year 2008 accounting data and average daily membership information obtained from the Arizona Department of Education.

<sup>1</sup> The five comparable districts were selected primarily on the basis of their similarity in number of students and schools.

## Inadequate controls over cash handling and the possible theft of district monies

The District receives cash for various purposes including student activities, student course fees, extracurricular activities, and tax credit donations. The majority of these revenues are received at the high school bookstores. Because of the high risk associated with cash transactions, effective controls to safeguard cash should be established and maintained. Auditors reviewed the cash-handling procedures at two of the District's schools and determined that the District's policies and procedures were not being followed and were not adequate to properly safeguard cash. Inadequate controls and the lack of enforcement of district policies and procedures likely delayed the discovery of the alleged theft of monies at one of the District's schools.

**Responsibilities not adequately separated**—At one of the high schools visited, all bookstore transactions were processed entirely by one employee. The bookstore manager was responsible for all day-to-day operations including receiving monies, entering transactions into the accounting system, preparing and making daily deposits, and reconciling sales to cash collections without a timely independent supervisory review. Failure to adequately separate these responsibilities or perform independent, timely reviews of these documents and reconciliations left these monies at risk for loss, theft, or misuse.

**District not following its policies and procedures**—The District has a policies and procedures manual for bookstore managers, but it was not always followed. For example, bookstore managers are required to deposit cash receipts daily. However, auditors noted numerous instances in which bookstore managers were not making daily deposits. Further, district officials did not always follow up with the bookstore managers when deposits were not made daily and allowed several months to go by without monies being deposited. Additionally, the policies and procedures manual requires bookstore managers to send daily activity reports of monies collected and spent to the district office every month, but auditors noted that these forms were not always sent. Finally, because they also handle student activities monies, bookstore managers are to provide each student club's sponsor with an activity report of monies collected and spent on a monthly basis. However, at one of the two schools visited, the bookstore manager did not provide sponsors with these reports.

**Possible theft**—The District's inadequate controls and lack of enforcement of its policies and procedures likely delayed the discovery of the alleged theft of monies at one of its schools. In October 2006, a district accountant noticed that one of the school bookstore managers was not depositing receipts in a timely manner. The District attempted to handle the problem themselves, but the problem continued.

Almost 2 years later, the District requested an investigation by the Tempe Police Department and subsequently dismissed the bookstore manager in September 2008. The bookstore manager was arrested in July 2009 for the theft of \$192,000. The District is submitting a claim for reimbursement through the Arizona Risk Retention Trust.

## Inappropriate meal expenses an apparent gift of public monies

According to Attorney General Opinion I90-077, school district employees are eligible for meals only when they are on travel status. According to state travel policies that school districts must follow, employees must be 50 or more miles from their workplace to be considered on travel status.<sup>1</sup> However, in fiscal year 2008, the District spent \$43,700 on meals for staff who were not on travel status. This total includes over 300 purchases payable to pizza shops, grocery stores, restaurants, and an employee to provide food and drinks for staff meetings, trainings, and recognition events. As the district employees were not on travel status, these meal purchases were not allowable and appear to be a gift of public monies.

## Recommendations

1. The District should strengthen its controls over cash receipts by separating cash-handling and record-keeping responsibilities, following up in a timely manner on any inconsistencies in deposits, and providing revenue and expenditure reports to student club sponsors monthly.
2. The District should discontinue paying for meals for employees who are not on travel status.

<sup>1</sup> A.R.S. §15-342 requires school districts to adopt travel policies that prescribe amounts for reimbursing lodging and meals incurred for district purposes that do not exceed the maximum amounts established by the Arizona Department of Administration. These maximum amounts are included in the travel policy section of the *Arizona Accounting Manual*.



# CHAPTER 2

## Student transportation

In fiscal year 2008, Tempe UHSD's transportation program operated efficiently with lower costs than comparable districts'. However, improvements can be made. Specifically, the District should (1) better oversee its fuel card usage, (2) ensure that preventative maintenance and operations checks are documented in accordance with the State's *Minimum Standards for School Buses and School Bus Drivers*, (3) establish and monitor performance measures, and (4) adequately document miles used for state-funding purposes.

### Background

During fiscal year 2008, Tempe UHSD transported 2,613 regular education students and 264 special needs students to and from its seven schools. In addition, the District transported students to and from the East Valley Institute of Technology, the Peggy Payne Academy, and the District's ROTC program. Tempe UHSD also provided transportation for athletic events, field trips, and after-school activities. The District used staggered start times for its schools, allowing the same bus drivers to make multiple morning and afternoon runs.

### Despite subsidization, District's transportation program was efficient

In fiscal year 2008, the District spent \$175,000 more than it received in transportation funding. This subsidy was primarily the result of the District's receiving the lower per-mile-funding rate. As shown in the textbox, the state funding rate changes based on a district's daily route miles per rider transported. Despite this subsidy, the District's

#### Transportation Facts for Fiscal Year 2008

Riders	2,877
Bus drivers*	45.5
Mechanics*	3
Average daily route miles	2,870
Total miles	614,452
Total noncapital expenditures	\$2,195,966

\*Full-time equivalents.

#### State Per-Mile Funding Rates for Fiscal Year 2008

Daily Miles Per Rider	Per-Mile Rate
0.5 or Less	\$2.23
0.51 through 1.0	\$1.81*
More than 1.0	\$2.23

\*Rate that Tempe UHSD received.

transportation program operated efficiently, with lower costs than the comparable districts averaged. As shown in Table 2 below, Tempe UHSD's cost per rider and cost per mile were both lower than the comparable districts' averages. As a result, Tempe UHSD spent only 2.3 percent of its available operating dollars on transportation while the comparable districts' and state-wide averages were 5.3 and 4.4 percent, respectively.<sup>1</sup>

**Table 2: Students Transported, Mileage, and Costs**  
Fiscal Year 2008  
(Unaudited)

District Name	Total Riders	Total Miles	Total Noncapital Expenditures	Cost Per Mile	Cost Per Rider	Miles Per Rider
Higley USD	5,497	596,949	\$2,919,750	\$4.89	\$531	109
Glendale UHSD	2,190	802,922	3,723,562	4.64	1,700	367
Tolleson UHSD	2,673	713,218	2,852,525	4.00	1,067	267
<b>Tempe UHSD</b>	<b>2,877</b>	<b>614,452</b>	<b>2,195,966</b>	<b>3.57</b>	<b>763</b>	<b>214</b>
Yuma UHSD	3,818	1,700,202	5,096,505	3.00	1,335	445
Kingman USD	3,980	1,542,894	3,278,986	2.13	824	388
<b>Average of the comparable districts</b>	<b>3,632</b>	<b>1,071,237</b>	<b>\$3,574,266</b>	<b>\$3.73</b>	<b>\$1,091</b>	<b>315</b>

Source: Auditor General staff analysis of Arizona Department of Education fiscal year 2008 district mileage reports and district-reported fiscal year 2008 accounting data.

Because the District had lower costs than comparable districts, auditors looked for factors that may have contributed to the efficiency of its program.

**District's bus routes were efficient**—Districts with efficient bus routes typically use 75 percent or more of bus capacity. Tempe UHSD's regular education buses operated at an efficient 81 percent of seat capacity, on average. According to district officials, bus routes are reviewed during the summer to ensure efficiency and transportation officials periodically observe the buses to verify that they are full and that rider numbers match what the drivers report. Further, drivers alert the transportation supervisors if rider counts drop below 25 so that routes may be reviewed and possibly combined.

**Lower salary and benefit costs**—The majority of the District's lower costs are related to salaries and benefits. These costs may be lower because although the District offers competitive wages, most of its bus drivers and bus assistants were students from nearby colleges who may be more willing to work part-time hours and not receive benefits. More specifically, 80 percent of Tempe UHSD's bus drivers are part-time, while only 10 percent of the comparable districts' drivers are part-time, on average. Similarly, 77 percent of the District's bus assistants are part-time, while 43 percent of the comparable districts' bus assistants are part-time, on average.

<sup>1</sup> Available operating dollars are those used to make current expenditures as defined in footnote 1 on page 3.

## Despite low costs, some improvements can be made

Despite the transportation program's low costs, Tempe UHSD can make some improvements to its transportation program. Specifically, the District should better oversee its fuel card usage to ensure that purchases are appropriate. The District should also ensure that it documents its preventative maintenance and bus inspections as required by the State's *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards). Additionally, the District should establish and monitor performance measures to help it evaluate the efficiency of its program and proactively identify operational issues that may need to be addressed. Finally, the District should ensure it adequately documents the miles it reports for state-funding purposes.

**District did not adequately oversee fuel card usage**—The District uses fuel cards to purchase fuel commercially while transporting students on field trips and athletic trips. Drivers are supposed to complete a sign-out sheet with the fuel card number and beginning and ending vehicle odometer readings, and subsequently submit all receipts. However, auditors noted that numerous records on the fuel card sign-out sheet were missing card numbers and beginning and ending odometer readings. Additionally, while drivers did submit fuel card receipts, the District did not reconcile these receipts to fuel card statements. Instead, the District looked over the statements to see if purchases seemed reasonable. To help ensure purchases are appropriate, fuel card sign-out sheets should be properly completed, and all receipts should be reconciled to billing statements prior to payment.

**District did not adequately document preventative maintenance and operations checks**—According to the State's Minimum Standards, districts must demonstrate that their school buses receive periodic preventative maintenance services and inspections. These standards are designed to help ensure the safety and welfare of school bus passengers. However, auditors reviewed 30 bus files, and although some basic maintenance work, such as periodic oil changes, was documented, the District was unable to show that periodic evaluations of the condition of items, such as brakes, tires, undercarriage, suspension, and body, or systematic preventative maintenance activities, such as periodic chassis lubes and tire rotation, were performed. Further, the District did not maintain pre- and post-trip inspection reports for all buses. These reports are completed by drivers and indicate the condition of the bus equipment and any items in need of repair. However, these inspection reports were missing for 12 of the 30 bus files reviewed. Additionally, the District's pre- and post-trip inspection checklist did not contain all of the items required by the State's Minimum Standards.

District not monitoring performance measures—Although the District's transportation costs are lower than comparable districts', the District's subsidy of its transportation program emphasizes the need for monitoring transportation operations. Measures such as cost per mile and cost per rider can help the District identify areas for improvement. However, the District has not established or monitored performance measures for its transportation program.

District records did not adequately support miles reported for state funding purposes—Tempe UHSD's records did not fully support the number of miles it reported to ADE for funding. Districts receive state monies for student transportation based on a formula that uses primarily the number of route miles traveled and secondarily the number of eligible students transported. Auditors calculated miles based on driver logs and determined that the differences did not affect the District's transportation funding for fiscal year 2009. However, similar errors in the future could result in the District's receiving an incorrect amount of transportation funding.

## Recommendations

1. The District should ensure that the fuel card sign-out sheet is properly completed and reconcile receipts to credit card statements to ensure purchases are appropriate and reasonable prior to payment.
2. The District should ensure that bus preventative maintenance is conducted and documented as specified in the State's *Minimum Standards for School Buses and School Bus Drivers*.
3. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity utilization.
4. The District should maintain adequate documentation to support the number of miles reported for state-funding purposes.

# CHAPTER 3

## Plant operation and maintenance

Tempe UHSD's plant operations and maintenance program operated efficiently with a lower cost per square foot than comparable districts', on average. However, because it maintained significantly more building space per student, Tempe UHSD spent a greater percentage of its available operating dollars on plant operations than comparable districts' and districts state-wide, on average. The District operated more square footage per student because most of its schools operated well below their designed capacity.

### 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.

### Lower square foot cost negated by excess space

As shown in Table 3, Tempe UHSD's \$5.59 per-square-foot plant cost was 12 percent lower than the comparable districts' average of \$6.32. However, the District maintained significantly more building space per student than the comparable districts. As a result, Tempe UHSD spent more of its available operating dollars for plant operations, leaving it less money to spend in the classroom. The additional building space does not appear to be necessary as most of the District's schools operated well below their designed capacity.

Table 3: Plant Costs and Square Footage Comparison  
Fiscal Year 2008  
(Unaudited)

District Name	Plant Costs				
	Total	Per Square Foot	Per Student	Total Gross Square Footage	Square Footage Per Student
Glendale UHSD	\$17,196,754	\$7.51	\$1,157	2,290,491	154
Yuma UHSD	9,794,338	6.86	917	1,426,973	134
Tolleson UHSD	7,182,532	6.65	843	1,080,117	127
<b>Tempe UHSD</b>	<b>12,984,352</b>	<b>5.59</b>	<b>1,007</b>	<b>2,321,420</b>	<b>180</b>
Higley USD	6,588,684	5.31	752	1,240,640	142
Kingman USD	6,085,982	5.26	849	1,157,115	161
<b>Average of the comparable districts</b>	<b>\$9,369,658</b>	<b>\$6.32</b>	<b>\$904</b>	<b>1,439,067</b>	<b>144</b>

Source: Auditor General staff analysis of district-reported fiscal year 2008 accounting data, average daily membership information obtained from the Arizona Department of Education, and fiscal year 2008 gross square footage information obtained from the Arizona School Facilities Board.

**More building space per student**—As shown in Table 3 on page 13, Tempe UHSD operated and maintained an average of 180 square feet per student, 25 percent more than the comparable districts' average of 144 square feet per student, and nearly twice as much as the State's 94-square-feet-per-student minimum requirement for a high school district the size of Tempe UHSD. Maintaining more building space per student is costly to the District since the majority of its funding is based on its number of students, not its amount of square footage. As a result, despite having a lower plant cost per square foot, the District spent a larger percentage of its available operating dollars for plant operations than both comparable districts and districts state-wide, on average. In fiscal year 2008, Tempe USHD spent 13.4 percent of its available operating dollars on plant operations and maintenance, while comparable districts spent 12.7 percent and the state average was only 11.3 percent.

**Schools operating below designed capacity**—The additional building space does not appear to be necessary as most of the District's schools operated well below their designed capacity. For example, in fiscal year 2008, Tempe High School operated at about half of its designed capacity. Further, the District as a whole has not approached its designed capacity during the past 20 years, and the District's enrollment has begun declining recently, with about 430 fewer students attending in fiscal year 2008 than in fiscal year 2006. District officials have indicated that they do not believe district voters would support the closing of a school. The District also recently made the decision to lease at least part of a school that a neighboring district closed. District officials stated that they are planning to expand the District's alternative school, Compadre, because there is a waiting list. Compadre's capacity rate was only about 60 percent in fiscal year 2008, but it requires smaller class sizes than a typical school because of its specialized programs. With this additional square footage, and if enrollment continues to decline, it is likely that the District's schools will operate at even lower capacity rates in the future, likely requiring an even higher percentage of district resources to be used for plant operations rather than going to the classroom. Therefore, it is important that the District evaluate the necessity of maintaining this excess square footage.

## Recommendation

The District should review the use of space at each of its high schools and determine ways to reduce identified excess space.

# CHAPTER 4

## Proposition 301 monies

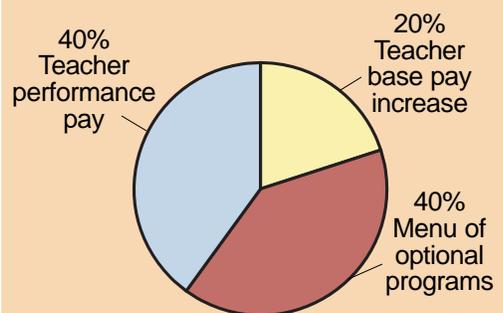
In November 2000, voters passed Proposition 301, which increased the state-wide sales tax to provide additional resources for education programs. For fiscal year 2008, Tempe UHSD spent its Proposition 301 monies for purposes authorized by statute. However, the District's group performance goal did not promote improved performance for all employees, and a portion of the performance pay was spent for purposes not included in the board-approved plan. Additionally, the District used at least \$245,000 to supplant—that is, replace—other district monies used for teacher compensation in fiscal year 2008.

### 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 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 2008, Tempe UHSD was allocated \$7,420,426 in Proposition 301 monies and distributed \$7,037,440 to its employees. Unspent Proposition 301 monies remain in the District's Classroom Site Fund for future years. The District paid Proposition 301 monies to all employees on the certified salary schedule.

Required apportionment of Proposition 301 monies



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

The District spent its fiscal year 2008 Proposition 301 monies as follows:

**Base pay**—Tempe UHSD incorporated its base pay monies into its certified staff salary schedule, providing a 3.8 percent increase for each salary step. Depending on their placement on the salary schedule, eligible full-time employees could earn from \$1,370 to \$2,674 each, plus related benefits. During fiscal year 2008, employees received an average of \$1,723 each in base pay increases, plus related benefits.

**Performance pay**—Each eligible full-time employee meeting all performance pay requirements received \$3,220, plus related benefits. Performance pay was based on employees' meeting both individual and group performance goals.

- **Individual performance (60 percent of performance pay)**—To earn these monies, each eligible employee had to complete **one** of the following nine tasks:
  - **Complete coursework**—Take six credit hours of coursework that is part of an advanced degree or endorsement program, or complete six credit hours of coursework related to content, teaching standards, or the District's student achievement goal.
  - **Develop and deliver staff development**—Develop and lead a district-wide workshop that fits the District's staff development plan, is based on best practices, and supports the District's student achievement goal.
  - **Committee leadership**—Participate on a committee that promotes one or more of the following: district goals, the District's student achievement goal, site improvement goals, department curriculum, or instruction/assessment goals.
  - **Mentoring**—Participate as a mentor or protégé in the District's mentoring program. All first-year teachers had to choose to be protégés to receive the individual performance monies.
  - **Collaborative coaching**—Participate in a peer partnership to increase self-reliance and effective instructional and assessment practices by working together toward each participant's professional growth.
  - **Professional observation**—Observe teachers who use best practices in curriculum, instruction, and assessment, and create a plan to incorporate those practices into their own teaching.
  - **Professional development**—Identify, research, and implement an approach to curriculum development, instruction, or assessment and present the research and results to other teachers.
  - **Career and Technical Education (CTE)**—Teach courses that are part of a CTE-approved program as well as maintain CTE certification in the area(s) taught.

- **Special project or assignment**—Serve as a department technology liaison, campus coordinator for highly qualified teachers, or special education monitoring team member. Additionally, employees could perform special school projects, at the discretion of the site principals, that advance a district or school goal.
- **Group performance (40 percent of performance pay)**—All certified employees received these monies if the District's freshman students achieved at least a 10 percent increase between pre- and post-test scores on reading and algebra standardized tests.

Menu options monies—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 about 10 percent of its menu option monies to pay the salaries of 4 teachers who taught in the dropout prevention program at Compadre High School, as well as 2.2 additional teachers to reduce class sizes at Desert Vista High School. The remainder of the menu option monies was used for teacher compensation increases, incorporating a 6.07 percent increase into each step of the certified staff salary schedule. Depending on their placement on the salary schedule, eligible full-time employees could earn from \$2,189 to \$4,271 each, plus related benefits. During fiscal year 2008, employees received an average of \$2,755 each, plus related benefits, from these menu option monies.

## Group goal did not promote improved performance

While the District spent Classroom Site Fund monies for purposes authorized by statute, its group performance pay goal, representing 40 percent of performance pay or \$1,288 per eligible full-time employee, did not promote improved performance. Specifically:

- **Performance pay awarded to numerous employees who did not participate in achieving stated goals or did not perform any additional work**—As mentioned above, the District's group performance goal required a 10 percent increase in freshman reading and algebra scores on a standardized test. Because the students met this district-wide goal, all full-time eligible employees who

worked the entire school year received \$1,288 related to this goal. This included all certified district employees, such as counselors, librarians, and teachers who taught subjects other than algebra or reading, and therefore did not actively participate in achieving this goal. Additionally, CTE teachers received individual performance pay for teaching CTE classes and maintaining certification, which was part of the requirements for these positions. Employees should only be awarded performance pay monies if they perform work in addition to their normal job duties or actively participate in meeting improved performance goals.

- **Performance pay goal easily met**—The District's group performance pay goal compensated employees for student test results that should already be expected. For example, in fiscal year 2008, the average freshman algebra score increased by 88.9 percent between the pre- and post-test, well above the stated 10 percent goal. Since the pre-test is given to freshman students who have never been exposed to algebra and the post-test is given to them after receiving a full year of algebra instruction, it should be expected that scores would increase significantly.

## Performance pay used for purposes not listed in plan

The District used a portion of its performance pay monies on expenses that were not listed in its board-approved plan. In fiscal year 2008, the District spent \$140,625 to compensate employees who had obtained additional college credits to qualify for a higher salary on the certified staff salary schedule. For example, if a teacher completed the coursework for a master's degree during the school year, the teacher would move over one position on the salary schedule, and this increase would be funded using performance pay monies. While completing coursework is one of the nine choices for the individual portion of the performance pay, the amounts paid to employees for moving over on the salary schedule were in addition to performance pay that employees earned by completing the performance pay goals. Therefore, some employees received more than the stated maximum amount of \$3,220.

## At least \$245,000 of Proposition 301 monies used to supplant other monies for teacher compensation increases

In fiscal year 2008, at least \$245,000 of Proposition 301 base and menu option monies were used to supplant—that is, replace—other district monies that had previously been spent on teacher compensation. The statute governing Proposition 301 money, A.R.S. §15-977, requires that such money be used to supplement and not supplant teacher compensation money from other sources. In this case, it

appears that Tempe UHSD used Proposition 301 monies, which were intended to provide additional resources to the classroom, to replace other district monies. As a result, the amount of classroom resources was not increased to the extent intended.

Evidence of supplanting can be seen in a reduction of local effort for teachers' salaries. Specifically:

- Although the District raised its salary schedule between fiscal years 2007 and 2008, its use of non-Proposition 301 monies for this purpose actually declined. The District incorporated Proposition 301 base and menu option monies into its 2008 certified staff salary schedule and paid employees accordingly in their regular paychecks throughout the year. By incorporating base and menu monies, the District was able to increase each step on its certified salary schedule between fiscal years 2007 and 2008. Without the addition of Proposition 301 monies, one would expect teacher salaries to at least remain constant if the District had maintained the level of teacher compensation money from other sources. However, without these base and menu monies, every step on the salary schedule would actually have decreased between 2007 and 2008. This is a clear indication that Proposition 301 monies were used to supplant, rather than add to, existing monies used to fund teacher salaries.
- The reduction in local support can also be seen in the actual amounts paid to teachers. Auditors reviewed the District's fiscal year 2007 and 2008 payroll records for a sample of 15 employees. When Proposition 301 monies were removed from the analysis, 13 of the 15 employees' salaries decreased between 2007 and 2008. The apparent reason for this is that the District reduced the money for teacher salaries from other sources.

Auditors determined that the District supplanted a total of \$245,485 in fiscal year 2008. The District should repay these supplanted amounts to the Classroom Site Fund's base and menu option monies accounts. In addition, such repayments may require the District to restate its Annual Financial Report for 2008. The District also needs to ensure that supplanting does not occur in the future.

Further, since receiving Proposition 301 monies in fiscal year 2002, Tempe UHSD has shifted its spending of other monies away from the classroom, a strong indication, but not proof, of supplanting. In fiscal year 2001, prior to Proposition 301 monies being available, the District spent 58 percent of its available operating dollars in the classroom. By fiscal year 2008, the District was spending only 55.3 percent of its other monies in the classroom. In fact, despite receiving over \$7 million of Proposition 301 monies specifically earmarked for the classroom, the District's overall classroom dollar percentage in fiscal year 2008 of 58.2 percent was only 0.2 percentage points higher than in 2001. If the District had continued to direct its other monies into the classroom at the same rate it did in 2001, the year prior to receiving Proposition 301

monies, the addition of Proposition 301 monies would have increased the District's 2008 classroom dollars percentage 2.5 percentage points to 60.7 percent. This means an additional \$2.4 million would have been spent in the classroom in fiscal year 2008 alone, and an additional \$8 million would have been spent in the classroom during fiscal years 2002 to 2008.

## Recommendations

1. The District should review its group performance goal and ensure that it promotes improved performance and that only employees who participate in achieving the stated goal or perform the additional work receive the performance pay.
2. The District should ensure that it pays eligible employees' base, performance, and menu options pay in accordance with its board-approved plan.
3. The District should ensure that Proposition 301 monies are used to supplement rather than supplant other monies.
4. The District should reimburse the Classroom Site Fund for monies supplanted in fiscal year 2008 and work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget.

# CHAPTER 5

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## Classroom dollars

Even after correcting for accounting errors, the District's fiscal year 2008 classroom dollar percentage was 58.2 percent, which is higher than the state and comparable districts' averages. Despite Tempe UHSD's higher classroom spending, its higher spending on plant operations indicates that possible savings could also be achieved in this area and additional monies directed to the classroom. The District could also move more money into the classroom by using its Proposition 301 monies to supplement rather than supplant existing classroom spending.

### Even after correcting for accounting errors, the District's classroom dollar percentage remains above average

Tempe UHSD did not consistently classify its fiscal year 2008 expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its annual financial report did not accurately reflect its costs, including both instructional and noninstructional expenditures. For example:

- Approximately \$1,565,000 of salaries and benefits for positions such as department chairs, teacher trainers, guidance counselors, and security were misclassified as instruction. Instead, these costs should have been classified as administration, instructional support services, student support services, or plant operation and maintenance based on the nature of the positions' responsibilities.
- Approximately \$362,000 of expenditures for items such as student lodging and meals, banquets, trophies, and awards were misclassified as instruction. Instead, these expenditures should have been classified as student support services.
- Approximately \$335,000 in salaries and benefits for teachers, department chairs, and behavior intervention specialists were misclassified as instructional

support services. Instead, these costs should have been classified as instruction, administration, or student support services based on the nature of the positions' responsibilities.

These and other errors totaled almost \$2.7 million. Correcting these errors decreased the District's reported instructional expenditures by over \$1.6 million, or 1.7 percentage points. As shown in Table 4 below, the District's corrected classroom dollar percentage of 58.2 percent is 2.9 percentage points higher than the comparable districts' 55.3 percent average and almost 1 percentage point higher than the state-wide average of 57.3 percent.

**Table 4:** Comparison of Expenditure Percentages and Per-Pupil Expenditures by Function  
Fiscal Year 2008  
(Unaudited)

	Tempe UHSD		Comparable Districts' Average		State Average 2008		National Average 2006	
	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures
Total spending per pupil		\$7,513		\$7,063		\$7,813		\$9,155
Classroom dollars	58.2%	\$4,371	55.3%	\$3,910	57.3%	\$4,480	61.0%	\$5,583
Nonclassroom dollars								
Administration	9.4	707	9.7	680	9.2	720	10.8	991
Plant operations	13.4	1,007	12.7	904	11.3	881	9.9	902
Food service	3.5	265	4.2	297	4.8	373	3.8	352
Transportation	2.3	170	5.3	370	4.4	346	4.2	384
Student support	7.3	552	7.8	549	7.4	577	5.2	476
Instructional support	5.4	405	4.7	330	5.4	425	4.9	446
Other	0.5	36	0.3	23	0.2	11	0.2	21

Source: Auditor General staff analysis of fiscal year 2008 school district Annual Financial Reports provided by the Arizona Department of Education, summary accounting data provided by individual school districts, and National Center of Education Statistics' data from the *Digest of Education Statistics 2007*.

## Despite better than average classroom dollar percentage, potential for improvement exists

As shown in Table 4, Tempe UHSD spent \$461 more per student in the classroom than the comparable districts, on average. Despite the District's higher classroom dollar percentage and per-pupil spending, auditors noted opportunities for potential savings in a few areas that indicate the District may be able to improve efficiency and redirect even more dollars into the classroom. For example:

- **Plant costs could be reduced**—As noted in Chapter 3, the District spent more on plant operations and maintenance and could possibly reduce costs by decreasing the amount of unused space it maintains.

- **Proposition 301 monies could increase classroom spending**—As mentioned in Chapter 4, the District could redirect more dollars into the classroom by using its Proposition 301 monies to supplement and not supplant existing funding.

## District had higher per-pupil spending than the comparable districts' average

As shown in Table 4 on page 22, Tempe UHSD spent \$7,513 per pupil, \$450 more than the comparable districts averaged. The District was able to spend more than the comparable districts because it received more funding than the comparable districts. This additional funding came from two main sources. First, Tempe UHSD received \$410 per pupil in funding for being a member of a joint technological education district (JTED), \$341 more than the comparable districts averaged. Only two of the five comparable districts were JTED members and received this additional funding for their vocational education programs. Second, Tempe UHSD's maintenance and operations override enabled it to spend \$219 more per pupil than the comparable districts spent, on average. Only three of the five comparable districts had maintenance and operations overrides in fiscal year 2008 and they provided less per pupil than Tempe UHSD's override did.

## Recommendation

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



# CHAPTER 6

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## English Language Learner programs, costs, and funding

Tempe UHSD needs to modify its Structured English Immersion program to be in compliance with state requirements. The District also made errors in reporting its number of English language learners (ELL), which could have resulted in the overfunding of its ELL program in fiscal year 2010. Finally, in accounting for the costs of teaching ELL students, the District recorded more than its incremental costs.

### Background

English Language Learners (ELLs) 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 are required to administer this test to students if the primary language spoken in the student's home is other than English, and then retest annually those students identified as ELL. School districts must then report the test results to the Arizona Department of Education (ADE).

Incremental costs are the costs, as defined by the ELL Task Force, that are associated with an SEI program and that are in addition to the normal costs of conducting programs for English proficient students.

By reporting their numbers of ELL students, districts are eligible for additional monies for ELL programs through the State's school funding formula (known as ELL Group B Weight monies) and the federal Title III

#### 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.

program. In addition, school districts may submit budget requests to ADE for monies to implement Structured English Immersion (SEI) and Compensatory Instruction (CI) programs.<sup>1</sup> However, if a district's Group B Weight monies are sufficient to cover the incremental costs of its SEI program, no additional SEI monies are awarded through the budget request process.

## District's ELL program not fully in compliance with the SEI model

The District did not comply with two requirements of the SEI model relating to the use of Individual Language Learner Plans (ILLPs) and providing required hours of English language development (ELD) instruction. Figure 1 provides an overview of the SEI model requirements that all Arizona school districts must comply with. In fiscal year 2009, Tempe UHSD identified 225, or about 2 percent, of its students as English language learners.<sup>2</sup> The District offered ELD classes at six of its seven schools, and five of its schools used ILLPs in conjunction with ELD classes.<sup>3</sup> However, Tempe did not meet all of the SEI model requirements because it incorrectly used ILLPs and did not ensure all students received the required hours of ELD.

Figure 1: Structured English Immersion Model Requirements

- **English language development (ELD) components**—Students receive 4 hours of ELD Instruction daily in the following instructional areas: Oral English and Conversation, Grammar, Reading, Writing, and Vocabulary.
- **Grouping Requirements**—ELL students are placed into SEI classrooms according to ELL proficiency level in class sizes not exceeding the non-ELL average class size in the district. In addition, the following maximum class sizes apply:
  - Pre-Emergent and Emergent—23
  - Basic and Intermediate—28
- **Teacher Qualifications**—All teachers in SEI classrooms must be Highly Qualified and have an SEI, English as a Second Language, or Bilingual Endorsement. Additionally, SEI teachers at the middle school and high school level must be Highly Qualified in English or Language Arts.
- **Individual Language Learner Plans (ILLP)**—Schools with 20 or fewer ELL students within a three-grade span may choose to create ILLPs for those students. These students may be placed in classrooms with English-proficient students. The ILLPs should detail how each individual student will receive the 4 hours of ELD instruction in this setting.

Source: *Structured English Immersion Models of the Arizona English Language Learners Task Force-5/14/08* and *Arizona Department of Education Guidance on ILLP 8/2008*.

**District incorrectly used ILLPs**—Under the SEI model the State adopted, schools qualify to use ILLPs when they have 20 or fewer ELL students in a three-grade span. Students with ILLPs may be placed into regular mainstream classrooms with English proficient students. However, the District used ILLPs at a school with more than 20 ELL students in a three-grade span. This school had 42 ELL students in fiscal year 2009. Thirty-seven of these students received a portion

- 1 SEI provides English language development during the normal school day, while CI provides English language development outside the normal school day, in programs such as after-school tutoring or summer school.
- 2 As discussed later in this chapter, the District incorrectly reported its number of ELL students. The 225 is the District's corrected number of ELL students.
- 3 Compadre, the District's alternative school, did not offer any ELL programs.

of their ELD instruction through ILLPs instead of attending SEI classrooms for the required number of hours.

**District not providing required hours of ELD instruction**—Another of the District’s schools had close to 120 ELL students in fiscal year 2009 and under the model, all of these students should have received between 2 and 4 hours of ELD instruction in an SEI classroom. The SEI model generally requires that ELL students receive 4 hours of ELD instruction, but allows ELL students who are in their second or subsequent years of ELL classification to be excused from the 1 hour of reading and 1 hour of writing if they score proficient on the respective subtests. While this school did provide ELD instruction in SEI classrooms, at least 19 students, or about 16 percent, did not receive the required hours of ELD instruction based on their test scores. District officials stated that some of the students needed too many classes to graduate, so they did not have time to take the ELD classes. Additionally, the District considered participation in the afterschool Compensatory Instruction program to count for 1 hour of ELD. However, the SEI model does not excuse students from the required hours of ELD instruction nor does it allow this instruction to occur in Compensatory Instruction programs.

## District over-reported its number of ELL students

As discussed above, districts are eligible for additional monies for ELL programs through the State’s school funding formula (known as ELL Group B Weight monies), which is based on the number of ELL students that districts report. In fiscal year 2009, Tempe UHSD reported having 342 ELL students, but district records indicate that 117 of these students had tested proficient on the AZELLA test and, therefore, should not have been included for funding. When auditors brought this error to the District’s attention, district officials contacted ADE and made the necessary adjustments to their fiscal year 2009 ELL student count, thereby avoiding overfunding that would have otherwise occurred.

## District’s accounting for ELL expenditures included more than incremental costs

Tempe UHSD’s fiscal year 2009 approved SEI budget request was for \$76,270, which included instructional materials and training costs for an administrator. The budget request did not include funding for teacher salaries because it was determined that additional teachers were not necessary for the District to implement the SEI model. However, the District recorded over \$545,000 of teacher salaries and benefits as ELL incremental costs.

## District's Compensatory Instruction program follows budget request

In fiscal year 2008, Tempe UHSD received \$245,188 in Compensatory Instruction (CI) monies. However, the District only used a portion of the monies, so \$183,721 was carried over into the 2009 fiscal year. When the District submitted its fiscal year 2009 CI budget request, ADE determined that the District only needed a portion of these carryover monies to implement its fiscal year 2009 CI program. The District was authorized to use \$102,844 of these monies, and the remaining \$80,877 was paid back to ADE. The District was approved to spend these monies on extended-day classes, a summer school program, and student bus passes.

- **Extended-day classes**—The District budgeted \$63,308 to provide extended-day classes, both before and after school, at all six of its traditional high schools. The extended-day program operated for 1 hour before school and up to 2 hours after school. In fiscal year 2009, approximately 100 ELL students and 10 teachers participated in the extended-day classes. The CI monies paid for teacher salaries and benefits and instructional materials.
- **Summer school**—The District budgeted \$36,411 to provide two 4-week summer school programs at four of its six traditional high schools. The summer school program operated for 5 hours a day, and ELL students who attended a school that did not offer the program were bused to a school that did. The CI monies paid for teacher salaries and benefits and instructional materials.
- **Bus passes**—The District also budgeted \$3,125 to provide bus passes to students who participated in the CI extended-day program or summer school.

### Approved SEI Budget Fiscal Year 2010

#### Costs:

Incremental teacher salaries	\$89,934
Incremental teacher benefits	22,484
Textbooks, instructional aids, and assessments	60,000
Transportation for itinerant teachers	0
Travel expenses for training—administrators	4,900
Travel expenses for training—teachers	9,800
Travel stipends for training time outside of regular school days	15,204
Classroom substitute	6,924
Other expenses	0
<b>Total incremental costs</b>	<b>\$209,246</b>

#### State and Local Offsets:

ELL "Group B Weight"	\$117,781
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**Net Budget Request** \$91,465

### Fiscal year 2010 SEI budget request provides \$91,000 in additional funding

Tempe UHSD's fiscal year 2010 approved SEI budget request included salaries and related benefits for two additional teachers, instructional materials and supplies, and training-related expenses (see textbox). The District's budgeted incremental cost to implement its fiscal year 2010 SEI model is \$209,246. Of this amount, \$117,781 is expected to be paid from ELL Group B Weight monies, leaving the District with an approved SEI net budget request of \$91,465.

## Recommendations

1. The District should ensure its SEI program meets all state requirements, including only using ILLPs when permitted to do so and ensuring that ELL students receive the required hours of ELD instruction.
2. To ensure proper funding, the District should accurately report its number of ELL students.
3. The District should properly account for the incremental portion of its ELL costs.



# APPENDIX

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## Methodology

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2008 summary accounting data for all districts and the Tempe Union High School District's fiscal year 2008 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 Tempe Union High School District, and secondarily on district type, location, classroom dollar percentage, and other factors. Additionally:

- To assess whether the District's administration effectively and efficiently managed district operations, auditors evaluated administrative procedures and controls at the district and school level, including reviewing personnel files and other pertinent documents and interviewing district and school administrators about their duties. Auditors also reviewed and evaluated fiscal year 2008 administration 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 2008 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 2008 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 2008 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 evaluated internal controls related to expenditure processing and tested the accuracy of fiscal year 2008 expenditures.
- 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 district personnel about the District’s ELL programs, and evaluated the District’s ELL-related budgets, revenues, and costs.

# DISTRICT RESPONSE

# Tempe★Union

## HIGH SCHOOL DISTRICT

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Steven R. Adolph  
Superintendent

Gregory A. Wyman, Ed.D.  
Associate Superintendent

August 28, 2009

Debra Davenport, Auditor General  
State of Arizona  
Office of the Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

Tempe Union High School District is in receipt of the report presented by the Office of the Auditor General which summarizes the Performance Audit conducted in compliance with ARS §41-1279.03. The District understands that the auditors must examine multiple aspects of the District's operations and establish comparable districts from which to assess and analyze data in order to reach their conclusions and recommendations. Tempe Union High School District is appreciative of the magnitude of this task, and we commend the professionalism and courtesy extended to our staff members by the auditors.

The attached document provides the District's response to each of the recommendations included in the Performance Audit. In most cases the District has already implemented processes and procedures that will more closely monitor these strategic support operations and ensure that all available resources are appropriately and responsibly utilized.

We at Tempe Union High School District welcome the opportunity to examine every facet of our educational operation, and are always open and receptive to ideas for improvement. The District mission statement expresses a commitment to "Excellence in Teaching and Learning", and we are confident that all aspects of our organization are aligned with that mission.

If you have questions regarding any of the responses contained in the attachment, please do not hesitate to contact us.

Sincerely,

Steve Adolph  
Superintendent

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GOVERNING BOARD

## **Administration**

- 1. The District should strengthen its controls over cash receipts by separating cash-handling and record-keeping responsibilities, following up in a timely manner on any inconsistencies in deposits, and providing revenue and expenditure reports to student club sponsors monthly.**

*The District concurs and has already implemented this recommendation. The employee responsible for the alleged bookstore theft was terminated in September 2008, soon after the discrepancy was discovered. Additional procedures for timely review and monitoring of bank deposits have been put in place. The Accounting Department has been reorganized to create capacity for a bookstore supervisor position to ensure that the District's processes and procedures are being followed. This new supervisor position has been filled and is performing daily audits of our six bookstores. This issue was indentified and corrective action was implemented before the performance audit began.*

- 2. The District should discontinue paying for meals for employees who are not on travel status.**

*The District concurs with this recommendation and has discontinued paying for meals when employees are not on travel status. It is important for the readers of this report to know that the funds used for the identified purchases were not derived from tax revenues.*

## **Transportation**

- 1. The District should ensure that the fuel card sign-out sheet is properly completed and reconcile receipts to credit card statements to ensure purchases are appropriate and reasonable prior to payment.**

*The District concurs with this recommendation and additional procedures have been put into place to thoroughly and consistently monitor the use of fuel cards. Additionally, receipts will be reconciled to the statements before payment is authorized.*

- 2. The District should ensure that bus preventative maintenance is conducted and documented as specified in the *State's Minimum Standards for School Buses and School Bus Drivers*.**

*The Districts concurs with this recommendation and a process has been implemented to ensure that preventative maintenance is being performed and documented at a level that will meet or exceed the mandated standards.*

- 3. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity utilization.**

*The District concurs with this recommendation and will continue to look at additional performance measures. This performance audit report validates that the District already operates a very efficient transportation program.*

- 4. The District should maintain adequate documentation to support the number of miles reported for state-funding purposes.**

*The District concurs with this recommendation and a process has been implemented to ensure mileage numbers are reported correctly and support documentation is retained. This system ensures the numbers will be documented, maintained correctly and consistently, and in compliance with the rules and regulations as set forth by the Arizona Department of Education.*

#### **Plant Operations and Maintenance**

- 1. The District should review the use of space at each of its high schools and determine ways to reduce identified excess space.**

*The District concurs with this recommendation and recognizes that there is available capacity in some of our high schools. The District has implemented a variety of programs to increase enrollment at our underutilized campuses. Tempe High houses the International Baccalaureate program; McClintock High School is home to the Peggy Payne Academy for gifted students; and Compadre High School provides a smaller environment and flexibility for a diverse student population with educational requirements not suited for a traditional setting. Preliminary enrollment information indicates that the number of students attending these programs has increased, and will continue to grow with the success that has been demonstrated.*

#### **Proposition 301 Monies**

- 1. The District should review its group performance goal and ensure that it promotes improved performance and that only employees who participate in achieving the stated goal or perform the additional work receive the performance pay.**

*The District concurs with the recommendation that the group performance goal should be strengthened. We plan to make modifications to the goal this year and expect further refinement of the goal in the future as the district moves to a modified testing program that may include formative assessments.*

*The district concurs with the recommendation that “employees who participate in achieving the stated goal” should receive the performance pay; we believe we are doing that. Great attention is given to student performance in math and language arts learning; goals related to these subjects are in all of our schools’ Improvement Plans and are woven throughout all subject areas. High student performance on mandated tests is the result of all certified staff working in a coordinated and focused manner to achieve the group goal. This is clearly evidenced by the 2008-09 school year statistic which indicates that over 80% of our sophomore students met or exceeded the state standard in all three content areas as measured by the AIMS; specifically, 84% in reading, 81% in math, and 85% in writing.*

- 2. The District should ensure that it pays eligible employees’ base, performance, and menu options pay in accordance with its board-approved plan.**

*The District concurs with the recommendation. A revised performance pay plan that accurately describes all uses of the Proposition 301 performance funds will be presented to the Governing Board for approval.*

- 3. The District should ensure that Proposition 301 monies are used to supplement rather than supplant other monies.**

*The District concurs with this recommendation and believes that it has complied with this requirement. In fiscal year 2007-08, the District gave all staff members a 1% stipend out of our Maintenance and Operation fund; this pay stipend was not included in the Auditor General’s calculation. Also, the District used \$1.3 million of Maintenance and Operation funds to cover our retiree health benefits in order to meet our GASB OPEB requirement. The District believes that both of these points should be considered in the determination of whether supplanting occurred.*

- 4. The District should reimburse the Classroom Site Fund for monies supplanted in fiscal year 2008 and work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget**

*The District will comply with this recommendation even though we believe that the method used to determine the amount to reimburse was not calculated with consideration for the points identified in the district’s position on recommendation #3, above. The District plans to make the corresponding adjustments in fiscal year 2008-09.*

## Classroom Dollars

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

*The District concurs with this recommendation and has begun to implement this recommendation. The Accounting Department has been reorganized to create capacity for a budget specialist position charged with ensuring that all coding for payroll and non-payroll expenditures is done in accordance with the Uniform Chart of Accounts. Additionally, all Accounting Department staff members are now receiving additional training in this area. Training will also be made available to campus and other support departments on an ongoing basis.*

## English Language Learner Program, Costs and Funding

- 1. The District should ensure its SEI program meets all state requirements, including only using ILLPs when permitted to do so and ensuring that ELL students receive the required hours of ELD instruction.**

*Tempe Union High School District concurs with this recommendation. The District will work with the Office of Language Acquisition Services to ensure that its SEI program, including use of ILLPs, is in compliance with ADE guidelines.*

- 2. To ensure proper funding, the District should accurately report its number of ELL students.**

*The District concurs with this recommendation. Tempe Union will put measures in place to ensure that its uploading of ELL student data to SAIS is accurate.*

- 3. The District should properly account for the incremental portion of its ELL costs.**

*Tempe Union High School District concurs with this recommendation. The District will follow coding guidelines as directed by the Uniform System of Financial Reporting.*