

LIMITED PROCEDURES ENGAGEMENT

Deer Lakes School District Allegheny County, Pennsylvania

May 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Janell Logue-Belden, Superintendent
Deer Lakes School District
19 East Union Road
Cheswick, Pennsylvania 15024

Mr. William A. Lupone, Jr., Board President
Deer Lakes School District
19 East Union Road
Cheswick, Pennsylvania 15024

Dear Dr. Logue-Belden and Mr. Lupone:

We conducted a Limited Procedures Engagement (LPE) of the Deer Lakes School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2012, through June 30, 2016, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and The Fiscal Code (72 P.S. §§ 402 and 403), but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our LPE procedures, we sought to determine answers to the following questions, which serve as our LPE objectives:

- Did the District have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Act
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Act?

- Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contracts comply with the Public School Code¹ and Public School Employees' Retirement System guidelines?
- Did the District take appropriate corrective action to address the observation cited in the prior audit report?

We also evaluated the application of best practices in the area of school safety. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the results in this report. However, we communicated the results of our review of school safety to District officials, Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with legal and relevant requirements.

We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,



Eugene A. DePasquale
Auditor General

May 10, 2018

cc: **DEER LAKES SCHOOL DISTRICT** Board of School Directors

¹ 24 P.S. § 10-1073(e)(v).

Background Information

School Characteristics 2015-16 School Year ^A	
County	Allegheny
Total Square Miles	41
Resident Population ^B	14,428
Number of School Buildings	4
Total Teachers	136
Total Full or Part-Time Support Staff	119
Total Administrators	19
Total Enrollment for Most Recent School Year	2,003
Intermediate Unit Number	3
District Vo-Tech School	A.W. Beattie Career Center

A - Source: Information provided by the District administration and is unaudited.

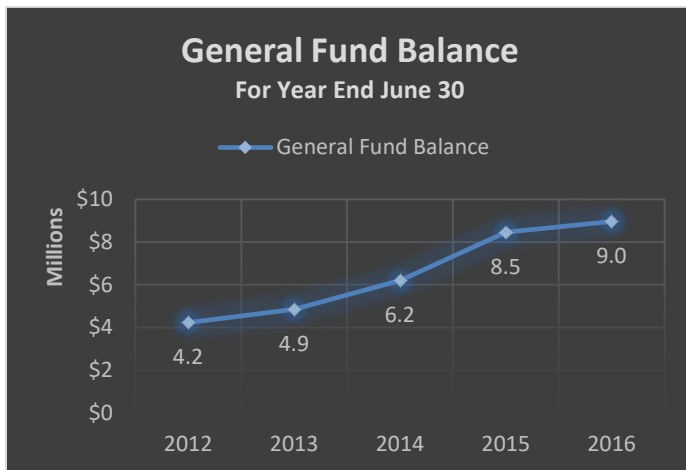
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

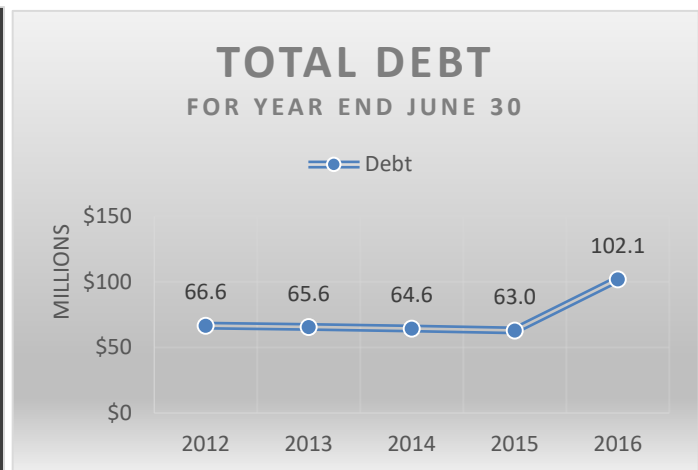
In partnership with the community, the Deer Lakes School District will provide a dynamic, comprehensive educational program and support services necessary to meet the diverse needs of all students in a safe and caring environment, thus enabling them to reach their full potential as responsible, productive citizens.

Financial Information

The following pages contain financial information about the Deer Lakes School District (District) obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.

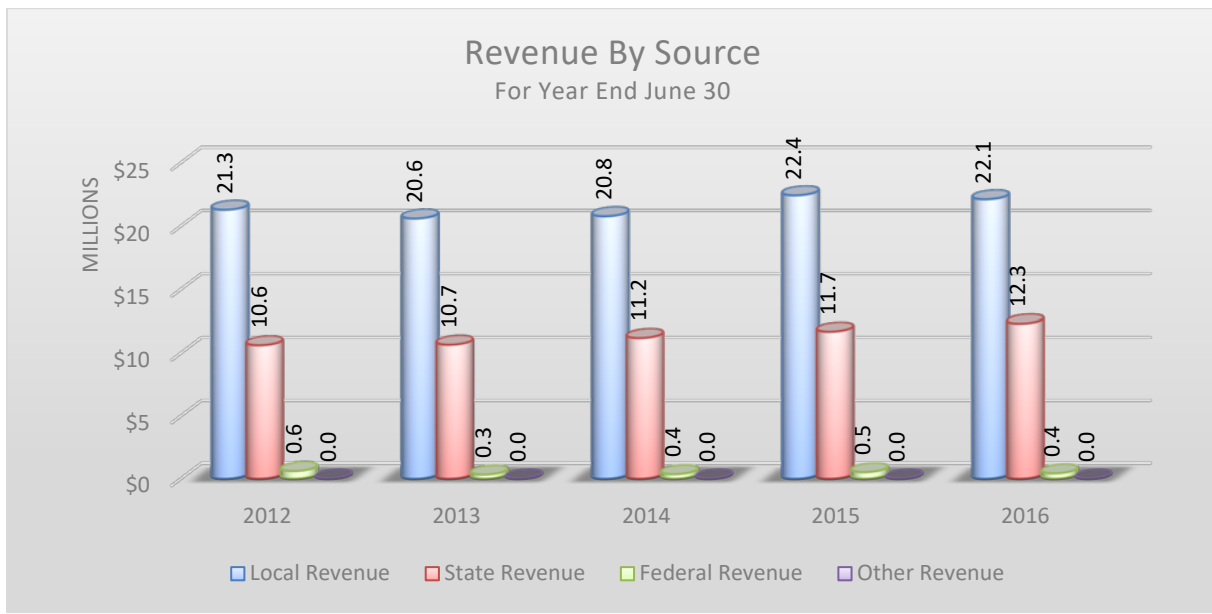
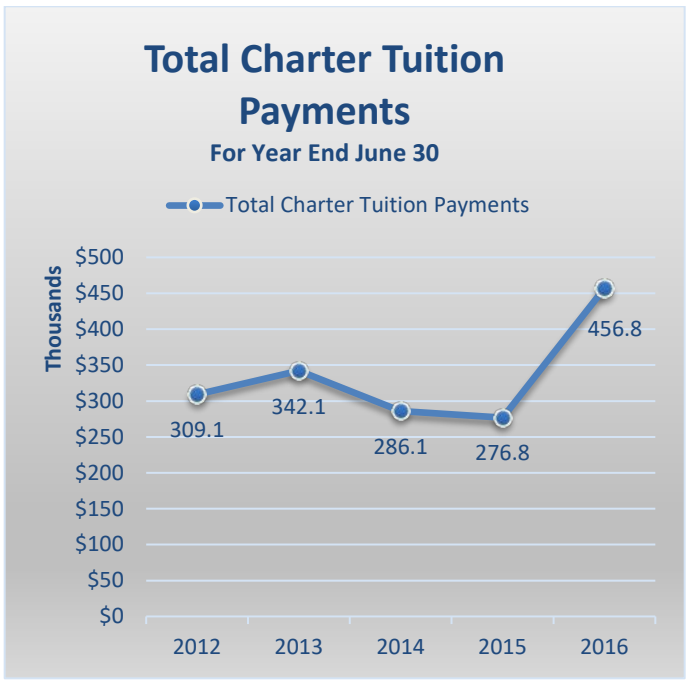
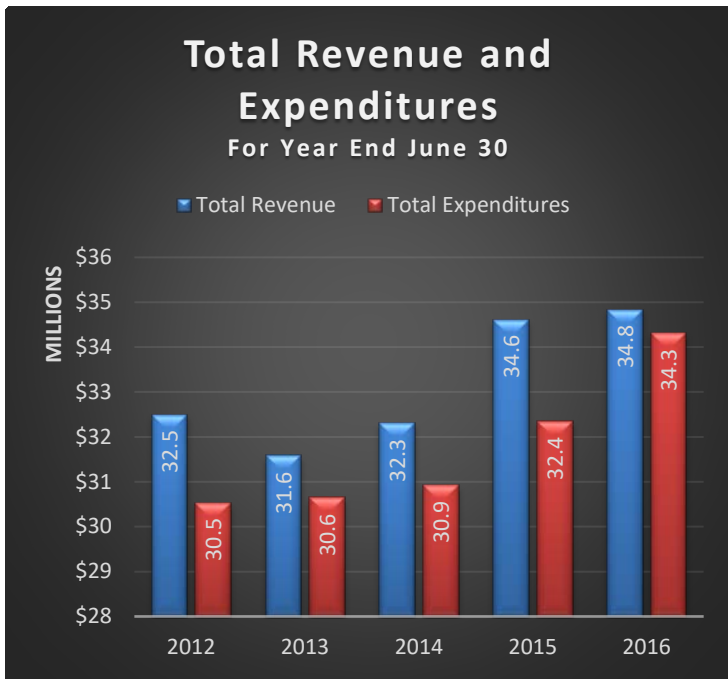


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA), Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15 and 2015-16 school years.² These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding chart.³ Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.⁴

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, which is calculated based on standardized testing (i.e. PSSA and Keystone exams), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁵ PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

What is the PSSA?

The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English and Math. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

² PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publically available website.

³ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

⁴ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

⁵ According to PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of PSSA exams to align with state Common Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁶ The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until at least 2020. In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

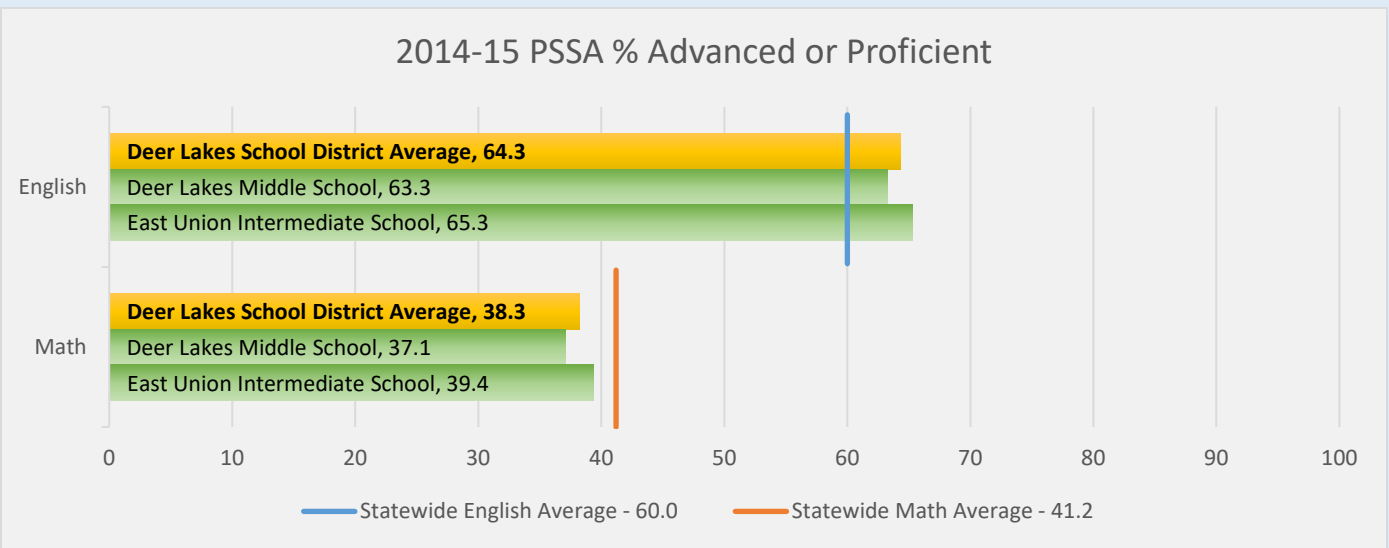
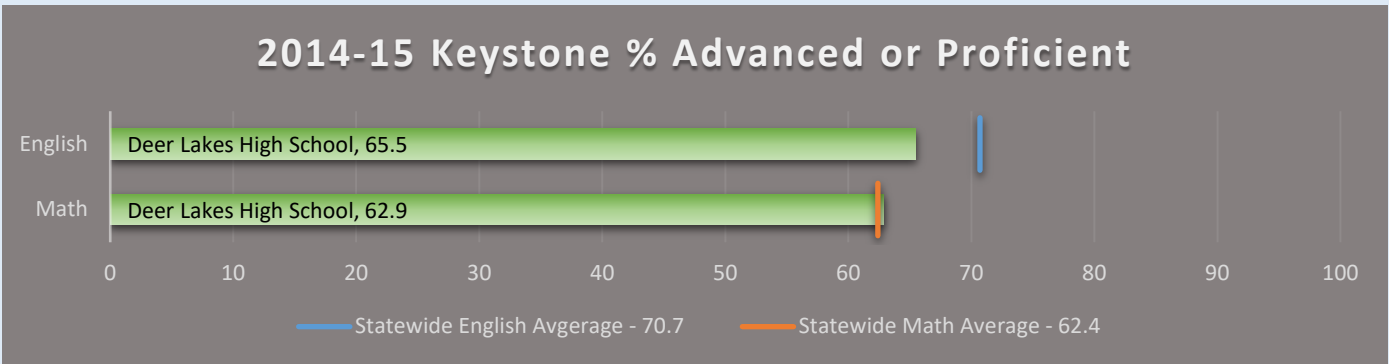
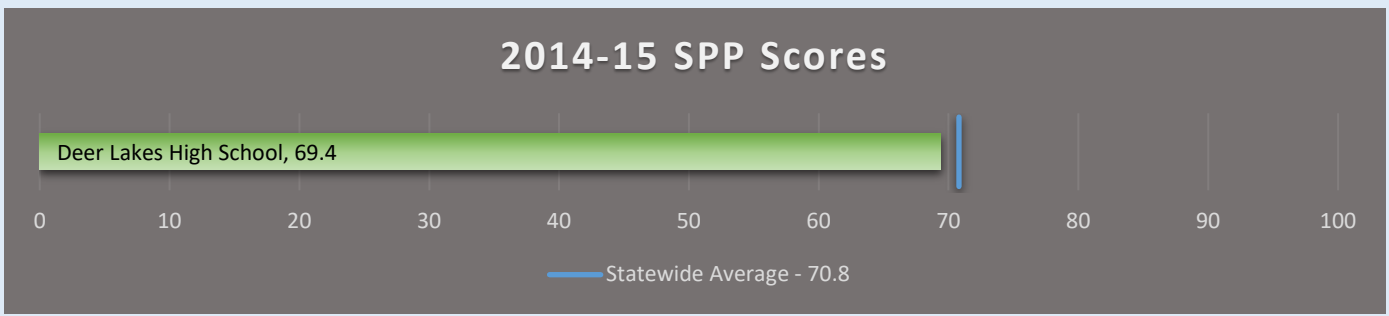
What is a 4-Year Cohort Graduation Rate?

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.⁷

⁶ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam. (Also, see footnote 4).

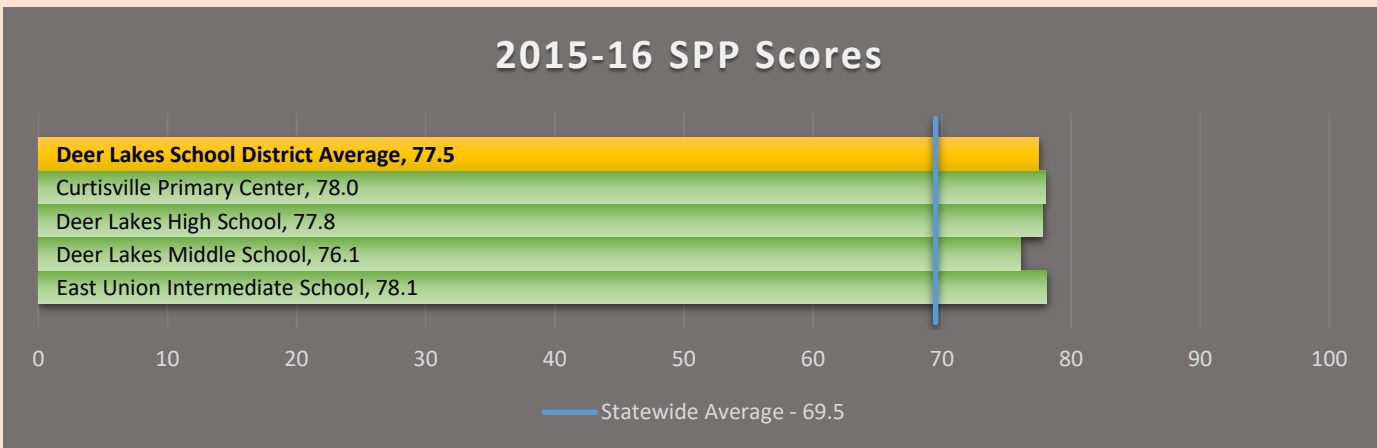
⁷ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

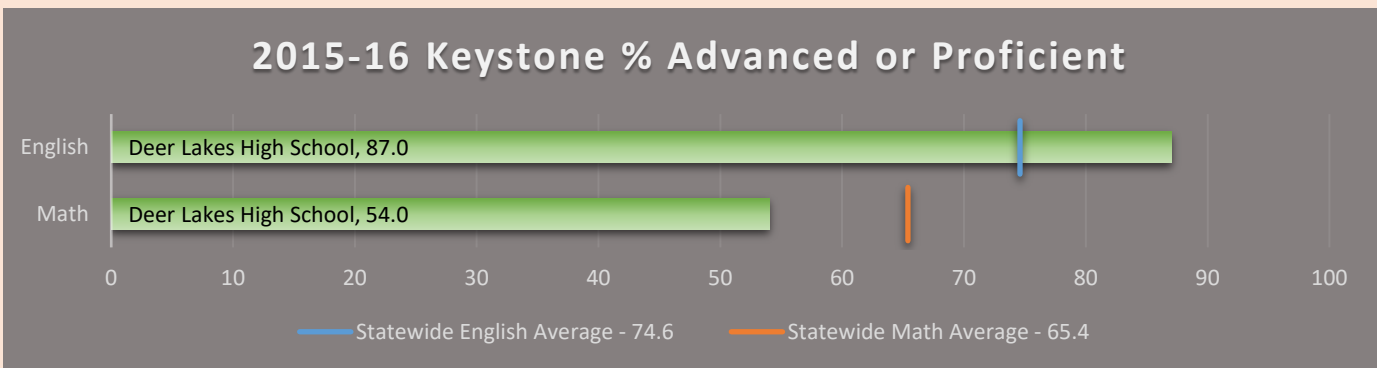


2015-16 Academic Data
School Scores Compared to Statewide Averages

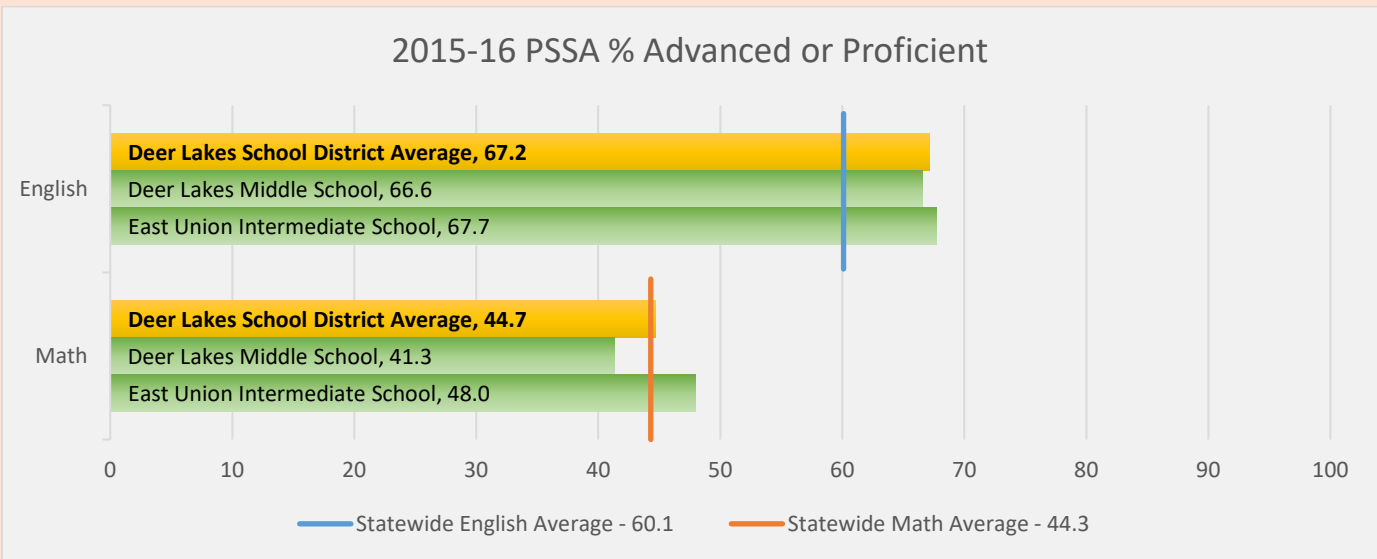
2015-16 SPP Scores



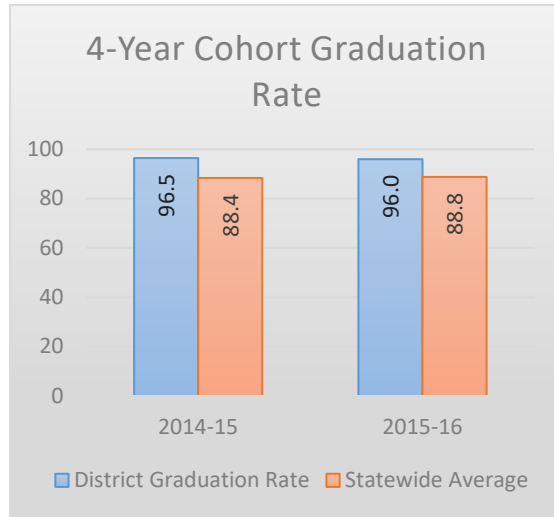
2015-16 Keystone % Advanced or Proficient



2015-16 PSSA % Advanced or Proficient



4-Year Cohort Graduation Rate



Status of Prior Audit Findings and Observations

Our prior audit of the District released on November 6, 2014, resulted in one observation, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on November 6, 2014

Prior Observation: **Amount Paid to Pupil Transportation Contractor Greatly Exceeds Pennsylvania Department of Education Final Formula Allowance**

Prior Observation Summary: Our prior audit of the District's contracted pupil transportation costs for the school years ending June 30, 2011, and June 30, 2012, found that over the two-year period the amount paid to its main transportation contractor was substantially more than PDE's final formula allowance, which is used to determine reimbursement of pupil transportation services.

PDE's final formula allowance provides for a per vehicle allowance based on the vehicle chassis' year of manufacture, the approved seating capacity, the number of trips the vehicle operates, the number of days pupils were transported, the approved daily miles driven, any excess hours, and the greatest number of pupils transported. The final formula allowance is adjusted annually by an inflationary cost index. The reimbursement received is the lesser of the final formula allowance for the vehicles, or the actual amount paid to the contractor, multiplied by the District's aid ratio.

Prior Recommendations: We recommended that the District should:

1. Ensure that, prior to negotiating a new contract, the Board of School Directors and administrative personnel are cognizant of the State's final formula allowance cost formula.
2. Routinely seek competitive bids for all of the District's pupil transportation services to ensure the most efficient cost to the District and its taxpayers.
3. Prepare pupil transportation contracts to ensure the local share is as minimal as possible by establishing the base rate and

increases in line with PDE's final formula allowance for all pupil transportation costs.

4. Have District personnel continuously monitor and justify any increase in the District's pupil transportation costs.

Current Status:

The District implemented our prior recommendations. The District has both district-owned transportation and contracted service. The District sought competitive bids for contracted transportation services beginning with the 2016-17 school year. In addition, the contract signed contained language that referred to PDE's final formula allowance and ways to minimize the local share of transportation costs.

Distribution List

This letter was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Joe Torsella

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

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Harrisburg, PA 17105

Mr. Nathan Mains

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400 Bent Creek Boulevard
Mechanicsburg, PA 17050

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