

Appendix A



COMMONWEALTH OF PENNSYLVANIA PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL

Act 44 Auditee Reporting Form (School District Audits)

The Department of the Auditor General provides this form for every school district to report its adoption of the Department's recommendations in its most recent audit pursuant to Act 44 of 2017 amendments to The Fiscal Code regarding Auditee reporting requirements and the Department's STATEMENT OF POLICY and FORM in 4 Pa. Code Part XIV published in the Pennsylvania Bulletin on February 10, 2018.

Within **120 business days** of the publication of the audit listed below, the school district must submit a response to the Department detailing the adoption of the Department's recommendations, or the reason why recommendations have not been adopted.

AUN: **School:** **CAN:**
Audit Period: **Findings:** **Recommendations:**

District Response: (Textbox below will expand or attachments can be added as necessary)

Response to the first Finding Number 1: A cumulative operating deficit reduced the District's general fund balance to negative \$1.2 million as of June 30, 2017.

The District fully acknowledges the lack of fund balance in the years in question. This is a source of deep frustration and concern by the Board of Directors and administrators. Equally frustrating, most of the issues causing the overspending are beyond the control of the Board and administrators. More specifically, unexpected special education costs and related services have exceeded budget expectations. Nonetheless, we accept our mission to provide the "education for a lifetime of achievement," so this Board will do whatever is necessary to meet the mission for all of our students. For instance, we are legally bound to provide a free and appropriate education to a special education child, regardless of disability. When a student with significant needs enrolls in our district or is identified by a psychologist to be needing specially designed instruction, the district accepts the child and all the services required to

educate the child. A child in a special education placement, which includes related services and transportation, will cost the district tens of thousands of dollars, none of which can be foreseen in a 5-year budget plan.

At the same time, we are pleased to point to several important facts which point to the priority this district is placing on fiscal responsibility. First, thanks to careful spending and reducing payroll costs wherever possible, the fund balance for the 2017-18 school year exceeded \$300,000. The same is true for the 2018-19 school year, where the general fund balance will be approximately \$300,000. Moreover, this community has accepted a tax hike every year for the past five years to keep-up with the rising cost of health insurance and teacher retirement payments (PSERS). In those same years, the percentage of our increases has exceeded the percentage of the state subsidy increases. And the payroll was reduced again this fiscal year: two positions were eliminated. We are reducing two teaching positions for the 2019-20 school year.

In response to this finding, the Burgettstown Area School District will: (1) monitor the approved fiscal budget in comparison to actual revenues and expenses, and report to the Board of School Directors on cost overruns or revenue shortfalls to determine ways to reduce expenditures during the remainder of the school year. We will do this on a monthly basis. (2) monitor the approved fiscal budget in comparison to actual revenues and expenses, and report to the Board of School Directors on cost overruns or revenue shortfalls to determine ways to reduce costs, and (3) display the multi-year budget prominently on its website for the public so that taxpayers and District officials can publicly discuss the details of the budget at open meetings.

Response to the first Finding Number 2: the District paid its transportation contractor, which it utilized for approximately 10 years, over \$1 million dollars without a contract, and failed to solicit bids.

The district recognizes the finding and has taken steps to resolve it. The district solicited bids for specialty transportation services beginning with the 2019-20 school year. The District held a "pre-bid" meeting for all potential bidders on April 2, 2019 to review the process and expectations for the bid as well as answered any questions. Two vendors submitted proposals by the deadline of May 10, 2019. The district established a multi-year contract with the winning bidder, the lowest responsible, which was approved by the Board of School Directors at the June 17, 2019 meeting of the Board of School Directors. All documents are available in the District Office for public review.

Note: Pursuant to Section 1.5 of Act 44, if the Auditee fails to respond to the Department's recommendations within **120 business days**, the Department will notify the Governor and the Chairpersons and Minority Chairpersons of the Appropriations Committees of the Senate and the House of Representatives, which may consider an Auditee's failure to respond to the Department's audit when determining the Auditee's future appropriations.