

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:	118409302	School:	Wyoming Valley West School District	CAN:	114567
Audit Period:	July 1, 2014 to June 30, 2018	Findings:	Two	Recommendations:	Eight

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

See Attached

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.



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Office of the Superintendent

Wyoming Valley
West School District

Memo

To: Helen Weigel, Director, Bureau of School Audits
From: Irvin DeRemer, Superintendent *ID*
Date: January 31, 2020
Re: Wyoming Valley West School District Sixty Day Reminder

In response to your e-mail dated January 30, 2020, attached is all relevant information regarding the audit of the Wyoming Valley West School District for audit period July 1, 2014 to June 30, 2018. The information includes the findings, recommendations, the corrective action plan, and adoption of the plan by our School Board on December 3, 2019.

Thank you for your cooperation.

SUPERINTENDENT'S LETTER

Informing
Volume 39, Number 8

Wyoming Valley West School District

Interpreting
December 4, 2019

REORGANIZATION MEETING – DECEMBER 3, 2019

Congratulations to the Board Members selected to the following positions:

2020 – Board President – *Joseph A. Mazur*

2020 – Vice President – *Brian Dubaskas*

Approved 2020 Meeting Schedule (attached)

REGULAR DECEMBER BOARD MEETING – DECEMBER 3, 2019

TABLED Appointed the following Board Members to represent Wyoming Valley West on the **West Side CTC Joint Operating Committee:**

Term to Expire – 2020 -

Term to Expire – 2021 -

Term to Expire – 2022 - _____

Alternate: (1) _____ (2) _____

TABLED Appointed the following Board Members to represent WWV School District in the PSBA:

Pride & Promise Contact:

Alternate:

PSBA Liaison:

Approved representatives to **Plymouth Public Library:** TABLED

Approved representative to **Hoyt Public Library:** TABLED

Approved Affiliation Agreement between **The University of Scranton** and Wyoming Valley West School District, as presented.

Adopted the following resolution approving the **Corrective Action Plan** response as requested by the Department of the Auditor General:

As a result of the performance audit of the Wyoming Valley West School District for years ended June 30, 2014 and June 30, 2018 issued by the Department of Auditor General, the following observations were noted:

** A Cumulative Operating Deficit Reduced the District's General Fund Balance of \$71,916 as of June 30, 2018, significantly below the recommended level".

** Transportation Reporting Errors by the district resulted in a net overpayment to the district of \$5,134 during the 2013-14 through 2016-17 school years".

Approved Agreement pursuant to file #167.0074.

Approved addition to the **substitute list** – None

Approved requests for **Excused Absences** – November 1 – November 30, 2019

Approved FMLA, **Emp. #157793**, last day December 20, 2019 – returning May 4, 2020.

Appointed the following Support Staff:

- **Donna Yeninas** – Sub PCA/WSCTC, \$12.00/hr., effective Nov. 18, 2019
- **Stephanie Simon** – PCA/State Street, \$12.00/hr., effective Nov. 4, 2019 (from substitute)
- **Diane Hall** – Sub Autistic Support Aide/Schuyler Avenue, \$12.00/hr., effective Nov. 18, 2019
- **Kimberly Ultsh** – Sub Aide/\$10.50/hr., effective Nov. 20, 2019

Re-appoint Michael J. Hudacek, Sr., Consultant, \$1.00 per year, effective immediately.

Approved intermittent Leave Without Pay, **Emp. #733931**, effective Nov. 15, 2019.

Accepted resignation, **Jerry Rynkiewicz**, Middle School Security, last day December 3, 2019.



Wyoming Valley West School District

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Office of the Superintendent

December 12, 2019

Clayton P. Carroll, II
Audit Coordinator
Pennsylvania Department of Education
Bureau of Budget and Fiscal Management
333 Market Street – 4th Floor
Harrisburg PA 17126-0333

To Whom It May Concern:

Attached is the official action taken by the Wyoming Valley West School District Board of Directors at their meeting held on December 3, 2019, in response to the Performance Audit Report ending June 30, 2014 and June 30, 2018.

If you have any questions, please call Louis Cardoni, Business Manager, (570) 288-6551, ext. 10205.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Irvin DeRemer".

Irvin DeRemer
Superintendent

ID/jw

Enclosures

Department of the Auditor General
Bureau of School Audits

Management Reply

LEA: Wyoming Valley West School District

Date: 9/17/19

Audit Period: July 1, 2014 to June 30, 2018

Date Due: 9/26/19

Title: A Cumulative Operating Deficit Reduced the District's General Fund Balance to \$71,916
As of June 30, 2018, Significantly Below the Recommended Level

X Management agrees with the Finding

Management disagrees with the Finding

Management waives the opportunity to reply at this time

MANAGEMENT COMMENTS: (Please explain the cause of the problem and note what corrective action is planned. Please ensure that you respond to each recommendation point included in the draft comment. If necessary, attach additional paper.)

(Please see attached)

Additional pages attached: Yes X No

Signatures and Date:

Drwin DeReme

Superintendent, Ex. Director, Director

12-12-19

Louis Cardoni

Business Manager

Finding

A cumulative operating deficit reduced the district's general fund balance to \$71,916 as of June 30, 2018, significantly below the recommended level.

The District concurs with the finding.

Recommendation

1. Prepare a multi-year budget that will assist the board and District Management in making decisions to increase taxes and/or reduce Expenditures to allow the District to achieve operating surpluses.

Corrective Action Plan

Beginning with fiscal year 2020-21, the District plans to prepare, at a minimum, a three-year budget that will include input from District Administrators, Staff and Department Heads. An acute awareness by everyone involved in the process will be shared collectively in formulating decisions on possible tax increases and expenditure reductions.

Recommendation

2. 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.

Corrective Action Plan

Beginning in fiscal year 2020-21 the multi-year budget will be posted on the district website allowing our taxpayers, school board members, District Administrators and staff the opportunity to review and discuss in detail the financial options our district will need to move our district in a direction that is financially stable.

Upon completion of the 2018-19 independent audit, the Annual Financial Report will be posted on our website annually as well.

Recommendation

3. Continue to perform a cost/benefit analysis to determine if it is more cost efficient to educate special education students at the District or outsourcing this to the Intermediate Unit that serves the District's Intermediate Unit Students.

Corrective Action Plan

As previously provided in our response dated October 18, 2019, the District not only performed a cost/benefit analysis, but instituted a cost savings plan in 2018-19 by transitioning students from the Intermediate Unit to in-house education. Plans remain intact for fiscal years 2019-20 and 2020-21 to continue exploring all options in reducing costs to the local Intermediate Unit.

Note:

Also, in response to the criteria relevant to the finding; (maintaining an unrestricted fund balance of no less than two months of regular General Fund operating expenditures) the District will make every effort to increase the unrestricted fund balance. This will be a difficult task considering the following facts:

- a) The total certified assessed valuation (the basis for which school tax revenue is determined) has decreased from \$1,973,113,300 in 2012-13 to \$1,908,090,000 in November 2019. A decrease of over \$65 million.

At our current millage rate of 17.29 mills, this equates to approximately \$1.1 million loss of revenue for one year alone.

- b) A study done by the Scranton Times April of 2019 maintains that our special education enrollment of 25% of total enrollment is the highest percentage in Northeastern PA.

As noted in the auditor's report: \$15.4 million was spent on special education costs as opposed to \$3.3 million of state subsidy for fiscal year 2017-18. Additionally, the District spent over \$1 million for Special Education cyber costs for the same period.

As noted in the audit, the District issued a Tax Anticipation Note in August 2019 for \$5 million. \$2.5 million of the \$5 million issued was utilized and repaid on October 1, 2019. This was a precautionary measure due to the delay (of approximately one month) by Luzerne County in issuing the 2019 school tax bills. The district felt the delay in the issuance of the school tax bills would create an adverse impact on cash flow.

The following steps are under consideration by the District to build revenue and decrease expenses:

- a) Seek additional state revenue for Special Ed costs
- b) Apply for State Grants for added security and safety measures for our students and staff.
- c) Pursue extensive counter real estate appeals to combat the dramatic decrease in assessed valuation.
- d) Continue planning for transitioning students from LIU, Charter/Cyber and other Special Ed related schools.
- e) Negotiate personnel contracts that reduce cost to our district.
- f) Continue to review and implement plans to close older school district buildings and consolidate classes.
- g) As mentioned in the audit, the district needs to seek additional revenue sources. The district will consider exceptions provided by the State for special education and retirement costs that would allow the school district to possibly raise taxes above the cost index.
- h) School Board with the assistance of District Administration will conduct an overview of all personnel employed by the district for possible reduction of staff.

Department of the Auditor General
Bureau of School Audits

Management Reply

LEA: Wyoming Valley West School District

Date: 9/17/19

Audit Period: July 1, 2014 to June 30, 2018

Date Due: 9/26/19

Title: Transportation Reporting Errors by the District Resulted in a Net Overpayment to the District of \$5,134 During the 2013-14 Through 2016-177 School Years

Management agrees with the Finding

Management disagrees with the Finding

Management waives the opportunity to reply at this time

MANAGEMENT COMMENTS: (Please explain the cause of the problem and note what corrective action is planned. Please ensure that you respond to each recommendation point included in the draft comment. If necessary, attach additional paper.)

(Please see attached)

Additional pages attached: Yes No

Signatures and Date:

Shirley DeFemer

Superintendent, Ex. Director, Director

12-12-19

Louis Cardon

Business Manager

Finding

Transportation Reporting Errors by the District Resulted in a Net Overpayment to the District of \$5,134 During the 2013-2014 through 2016-2017 School Years.

The District concurs with the finding.

Recommendation

1. Implement a procedure to have a District official other than the person who prepares the transportation reports to PDE review transportation data prior to submission to PDE and provide certification to the District official signing the sworn statement that the data is complete and accurate.

Corrective Action Plan

The data will be reviewed by the Finance Manager one week before the annual report is submitted to PDE for Processing, (approximately September 25th). Evidence of the review will be the Signature of the Finance Manager and date reviewed. The Director of Transportation will sign and date the report attesting to its accuracy prior to submitting the report to the Finance Manager. This plan has been discussed between the Director of Transportation and the Finance Manager and is now in effect.

Recommendation

2. Conduct annual multi-year trend analyses of student transportation data and transportation subsidies to help identify unexpected fluctuations. Any unexpected fluctuations should be investigated to provide additional assurances that the data is accurately reported to PDE.

Corrective Action Plan

The yearly analysis will be performed by the Director of Transportation at least one week before submission of the report to PDE. With assistance from the Finance Manager, an Excel spreadsheet will be maintained by the Director to be used to document the increase and decrease in student transportation data and transportation subsidies for

at least three years. Any variance of +/- 5% has been established for documented review and follow up to be maintained by the Director. This plan has been discussed between the Director of Transportation and the Finance Manager and is now in effect.

Recommendation

3. Ensure that all District officials responsible for reporting transportation data to PDE have been adequately trained on PDE's reporting guidelines for non-reimbursable students.

Corrective Action Plan

Guidelines for non-reimbursable students are currently being reviewed by the Director of Transportation. This will be an ongoing process to ensure overall accuracy. During the audit period, all non-reimbursable students were correctly identified in the system with assistance from the Auditor General's personnel.

Recommendation

4. Develop written transportation procedures for all student classifications including non-reimbursable students.

Corrective Action Plan

The Director has begun development of written procedures with a completion date of February 28, 2020. The Finance Manager will review the completed procedures one week after completion for overall understanding and document the examination by signing and dating the procedure copy.

Recommendation

5. Review the transportation data preliminarily submitted for the 2017-2018 school year, and if similar errors are found, submit revised reports to PDE.

Corrective Action Plan

Revisions had been made and sent to PDE for the 2017-2018 school year. This was done while the State Auditor's were present.